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really a threat?
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FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY JULY 15 1993

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Procter & Gamble likely to cut jobs to hold low prices

US consumer products group Procter & Gamble is expected to announce a cost-cutting programme, probably including substantial job cuts, when it meets Wall Street analysts today. P&G needs to reduce costs to complement price cuts it has been making in the US liquid laundry detergents market in the face of competition from discounted brands. Page 13; Lex, Page 12

Japan's Socialists face losses: Japan's ruling Liberal Democratic party will not win a parliamentary majority in Sunday's general election, but the Socialist party will be a bigger loser, according to opinion polls. Page 12; Japanese 'madonnas' sing rival tunes. Page 4; Japan cautious on surplus cut. Page 5

Thatcher's Maastricht referendum plea
Former UK prime minister Lady Thatcher (left) made a passionate plea in the House of Lords, the upper house, for a referendum in Britain on the Maastricht treaty. Her speech came after the idea of a referendum had been rejected in speeches from government and opposition party front benches. Page 6; Editorial Comment, Page 11

UK inflation rate eases: UK inflation dropped to its lowest rate for almost 30 years last month. Retail prices fell 0.1 per cent to bring the headline inflation rate down to 1.2 per cent from 1.3 per cent in May. Page 12; Lex, Page 12; Currencies, Page 28

US consumer spending rises: US consumer spending rose significantly in the second quarter while inflationary pressures moderated. This suggests the US economy is returning to last year's path of moderate growth and subdued inflation. Page 12

Brussels moves on trade: The European Commission has asked seven member states to modify bilateral treaties with the US in a move to restore the Brussels' authority as the EC's sole trade negotiator. Page 5

Israel sends troops to Lebanon: Israel sent 1,000 soldiers to its self-declared security zone in southern Lebanon, sparking speculation of an imminent attack against Arab guerrillas. Page 4

Dell Computer, US personal computer manufacturer, warned of a second-quarter loss after writedowns and restructuring charges. Page 13

Europe's car sales fall: New car sales in western Europe fell by 1.3m to 6.091m in the first half of the year as demand declined steeply in all main markets except the UK. Page 2

General Motors plans to hold back US price increases next year in an attempt to increase market share. Page 16

Tipstock profits wiped out: Shares in UK transport rental company Tipstock fell after a change in accounting policy wiped out its profits. The change, under which the company will report in dollars, reflects its rising number of US shareholders. Page 13; Lex, Page 12

US budget compromises: A proposed energy tax to raise money from both transport fuels and utilities may provide a way out of the impasse between the US Senate and Congress over budget bill levies. Page 3

Clinton seeks US floods aid: US president Bill Clinton will seek \$2.48bn of aid for the six states in the Mississippi and Missouri basins devastated by floods. Page 3

Labour promises new watchdogs: A UK Labour government would set up a British Securities and Exchange Commission with powers over retail banking, building societies, insurance, corporate governance, accountancy, pension funds and the Lloyd's insurance market. Page 6

UK Labour leader wins reforms: UK Labour party leader John Smith won the first round in his battle with trade unions over their links with the party after reaching a deal on sweeping reform proposals. Page 6

Seaside fury: The northern English resort of Blackpool reacted with outrage to a ruling by the European Court of Justice that its beaches do not meet environmental regulations. Page 6

STOCK MARKET INDICES		STERLING	
FT-SE 100	2822.3 (+4.8)	New York lunchtime:	\$ 1.5022
Yield	4.04	London:	
FT-SE Euroshare 100	1257.14 (+1.23)	\$ 1.5025 (1.435)	
FT-AI-Mid-Share	1405.97 (+0.2%)	DM 2.576 (2.57)	
Nikkei	26,138.11 (+1.31)	DM 2.576 (2.57)	
New York lunchtime:		FF 161.25 (161.73)	
Dow Jones Ind Ave	2544.78 (+20.34)	Sfr 2.27 (2.27)	
S&P Composite	490.98 (+2.87)	Sfr 161.25 (161.73)	
US LUNCHTIME RATES		Sfr 161.25 (161.73)	
Federal Funds	2.5%	Sfr 161.25 (161.73)	
3-mo T-bill bid	1.65%	Sfr 161.25 (161.73)	
Long bond	10.7%	Sfr 161.25 (161.73)	
Yield	8.57%	Sfr 161.25 (161.73)	
LONDON MONEY		Sfr 161.25 (161.73)	
3-mo interbank	8% (2000)	Sfr 161.25 (161.73)	
Libor long gilt bid	8.5% (Sep10/73)	Sfr 161.25 (161.73)	
NORTH SEA OIL (Argus)		Sfr 161.25 (161.73)	
Brent 15-day Sep	\$16.575 (17.022)	Sfr 161.25 (161.73)	
Gold		Sfr 161.25 (161.73)	
New York Comex (Aug)	\$391.4 (394.5)	Sfr 161.25 (161.73)	
London	\$392.25 (393.75)	Sfr 161.25 (161.73)	

Austria	Sch30	Germany	DM120	Italy	Lira100	Spain	Pes100	Switzerland	Sfr100
Belgium	Bfr100	Greece	Dr100	Japan	Yen100	Sweden	Kr100	UK	£100
Denmark	Dkr100	Ireland	Ir£100	South Africa	Rand100	US	\$100		
France	FF100	Norway	Nkr100	Taiwan	Nt\$100				
Germany	DM100	Poland	zlot100	Thailand	Baht100				
Greece	Dr100	Portugal	Esc100	Turkey	Lira100				
Ireland	Ir£100	Spain	Pes100	Yugoslavia	Dinar100				
Italy	Lira100	Sweden	Kr100						
Japan	Yen100	Switzerland	Sfr100						
South Africa	Rand100	UK	£100						
Spain	Pes100	US	\$100						
Sweden	Kr100								
Switzerland	Sfr100								
Taiwan	Nt\$100								
Thailand	Baht100								
Turkey	Lira100								
Yugoslavia	Dinar100								

Bavaria to sell off DM2bn in German shareholdings

By Christopher Parkes
in Frankfurt and
Quentin Peel in Munich

THE Bavarian government hopes to raise between DM2bn (\$1.1bn) and DM3bn through the privatisation of its shareholdings in several German companies, Mr Edmund Stoiber, the state premier, said yesterday.

Its biggest stake is a 58 per cent holding in Bayernwerk, the largest southern German energy utility, which would be merged

with Vlag, the Bonn-based industrial conglomerate.

Negotiations with Vlag are under way, and Mr Stoiber said he expected the new company to move its headquarters to Munich as part of the deal. "I believe they are ready to move and create a big new undertaking with its headquarters in Munich."

Bavaria also plans an early sale of its 8 per cent stake in Deutsche Aerospace, the Daimler-Benz aerospace subsidiary, for an estimated DM400m.

The proposed disposals mark the first significant move among the German Länder to break supportive links forged during the postwar economic recovery with vital infrastructural and new, job-creating industries.

The federal government is committed to cashing in most of its remaining holdings, including a 51 per cent stake in Lufthansa, which is being restructured and restored to profit.

Recent interest in privatisation has been spurred primarily by

the urgent need, stressed by the Bundesbank, for the reduction of federal and state deficits. Central bank officials have lately suggested that the budget consolidation process could be helped by asset sales.

Activity has been encouraged by statements from national leaders of the Social Democratic party (SPD) that there are no longer any ideological objections to the sale of public assets. Acceptance at Länder level, where the SPD controls most of the regional

governments in western Germany, has yet to be tested.

There is a growing acceptance among public sector shareholders that the attractions of Germany to foreign shareholders could be enhanced if all traces of political involvement in private sector business were removed. Many of Germany's leading concerns have regional politicians on their supervisory boards by virtue of extensive state holdings.

The Lower Saxony government, for example, owns 20 per

cent of Volkswagen, Europe's biggest volume carmaker. North Rhine-Westphalia controls Westdeutsche Landesbank, which in turn has stakes in local and international businesses.

Bavaria's decision to sell the holding in Deutsche Aerospace is likely to enhance the attractions of the group's shares when they are listed on the New York stock exchange later this year.

Continued on Page 12
Editorial Comment, Page 11

UN tells Italy to recall commander of Somalia troops

By Michael Littlejohns in
New York and
Leslie Crawford in Nairobi

THE United Nations has demanded the recall to Rome of the commander of Italian troops in Somalia and may have to consider removing his entire contingent, a senior UN official said last night.

Mr Kofi Annan, who is in charge of all UN peacekeeping operations, told a press conference that General Bruno Loi would soon be "rotated" home, at the express request of Mr Boutros Boutros Ghali, the UN secretary-general.

Italian soldiers serving with the UN would probably be redeployed north of Mogadishu, away from the scene of recent bloody clashes.

Alluding to Gen Loi's reported defiance of orders by General Civek Bir, the Turkish commander of all UN troops in Somalia, Mr Annan said the option of removing a national contingent altogether might have to be considered when it placed an entire enterprise in jeopardy and other contingents at risk.

Mr Beniamino Andreatta, the Italian foreign minister, said he was "outraged" at the decision. He said he had previously agreed with Mr Boutros Ghali that Gen

Loi should not return without full consultation with the Italian government.

Mr Annan warned other governments that had presumed to dictate to their troops over the heads of Gen Bir and former US Admiral Jonathan Howe, the secretary-general's special envoy, that this behaviour was unacceptable.

One contingent had refused to accept assignments for a month, placing an extra burden on other troops who were not so well equipped, he said without identifying the unit.

He denied reports that the UN refused to negotiate with General Mohamed Farah Aided, the Somali warlord, or that the warlord, whose arrest and detention have been ordered, was singled out as a special villain. The UN was prepared to deal similarly with any other rebel faction, he said.

He said the governments that had committed troops to the UN command knew what they were getting into and that it was an enforcement operation, not a traditional peacekeeping mission.

Moreover, violence was mainly in southern Mogadishu, the Aided stronghold, while much of the rest of Somalia was co-operating with the UN.

Somali militants yesterday distributed leaflets in the streets of

south Mogadishu in which they vowed to kill all US troops serving with the UN mission and called on Moslems worldwide to kill Americans in their countries.

The fatwa, a Moslem death warrant, was a clear sign that Gen Aided's militias are steeling themselves for a protracted struggle against the 14,000 UN troops stationed in the capital. It also appeared to be an attempt to drive a wedge between the 4,000 American soldiers and other national contingents fighting under the UN flag.

"We appeal to all countries of the multinational force to stay far from the American sites in Mogadishu," the leaflet said. "We are going to launch an attack to the American compounds in Mogadishu."

Mr Barry Walkley, UN spokesman in Mogadishu, said he had not seen the pamphlets, but placed little importance on them. Meanwhile, the death toll from Monday's helicopter assault on an Aided compound continued to rise. The International Committee of the Red Cross said 50 people were killed.

The few aid agencies that remain in Mogadishu say security has become so precarious that relief work has virtually come to a halt.

Report on EBRD criticises Attali

By Robert Peston, Banking
Editor, in London

MR JACQUES ATTALI, president of the European Bank for Reconstruction and Development, will be severely criticised in a report on financial mismanagement at the bank to be published on Friday.

Following a two month investigation, the bank's audit committee is putting the finishing touches to the report. Bank employees who have seen the initial draft say it focuses on four examples of financial mismanagement by Mr Attali:

● Mr Attali wasted thousands of pounds by taking more than 40 flights on private jets supplied by French company, Air Enterprise.

● On several occasions, he received fees for giving speeches, contrary to the bank's code of conduct.

● He charged personal expenses to the bank, including several trips to the London nightclub, Annabels. These have been reimbursed but in some cases there was an 18 month delay before the reimbursement was made.

● His close relationship with Mr Jean-Louis Berthet, the architect used in the \$55.5m project to furnish the bank's headquarters, undermined the head of the

'Wise men' may pave the way for EC enlargement

By Lionel Barber in Strasbourg

EC foreign ministers may create a committee of "wise men" to look at the streamlining of institutions in an enlarged European Community.

The proposal, announced by the Belgian presidency yesterday, could serve as the platform for a new constitutional debate on the future of the EC. It would raise sensitive questions such as the balance of power between large and small states and a reorganisation of the European Commission and rotating EC presidency.

The idea of opening up a "post-Maastricht" debate has been circulating for several months. Proponents suggest a high-powered independent committee could be modelled on the "Dooce committee" which paved the way for the 1986 Single European Act creating an integrated market by 1992.

Mr Willy Claes, Belgium's foreign minister, made clear that the Belgian presidency was not endorsing the idea, which was put forward in the European Parliament yesterday by Mr Willy De Clerq, a Belgian MEP and former EC commissioner. But he agreed to submit it for discussion.

Under the Danish and British presidencies, ministers agreed that minimal change only was required to cope with the four new applicants, Austria, Finland,

Sweden and Norway.

Last year, a European Commission paper suggesting that smaller states might lose out in a future reorganisation of the Commission created a furor. The mere hint that not every state might run its own EC presidency or send its own commissioner to Brussels may have helped to trigger the narrow Danish rejection of the Maastricht treaty.

Mr Claes declined to answer how broad a mandate might be given to the wise men. But some questions would have to be examined before a final decision on the admission of the four applicants, notably their allocation of MEPs and the number of votes in the Council of Ministers.

A UK official said the government was "relaxed" about an institutional discussion before the 1996 intergovernmental conference to review the Maastricht treaty, providing it took a narrow definition of the need for change.

Mr Claes told MEPs that the Belgian presidency was determined to restore the authority of the European Commission and improve relations with the European Parliament. He added: "The treaty of Maastricht is (thereby) not an endpoint but rather a point of departure for further deepening and democratisation."

Under the Danish and British presidencies, ministers agreed that minimal change only was required to cope with the four new applicants, Austria, Finland, Sweden and Norway.

Brussels acts on treaties, Page 5

Central banks intervene to limit downward slide Franc and krone under new selling pressure

By Peter Norman and
Stephanie Flanders in London

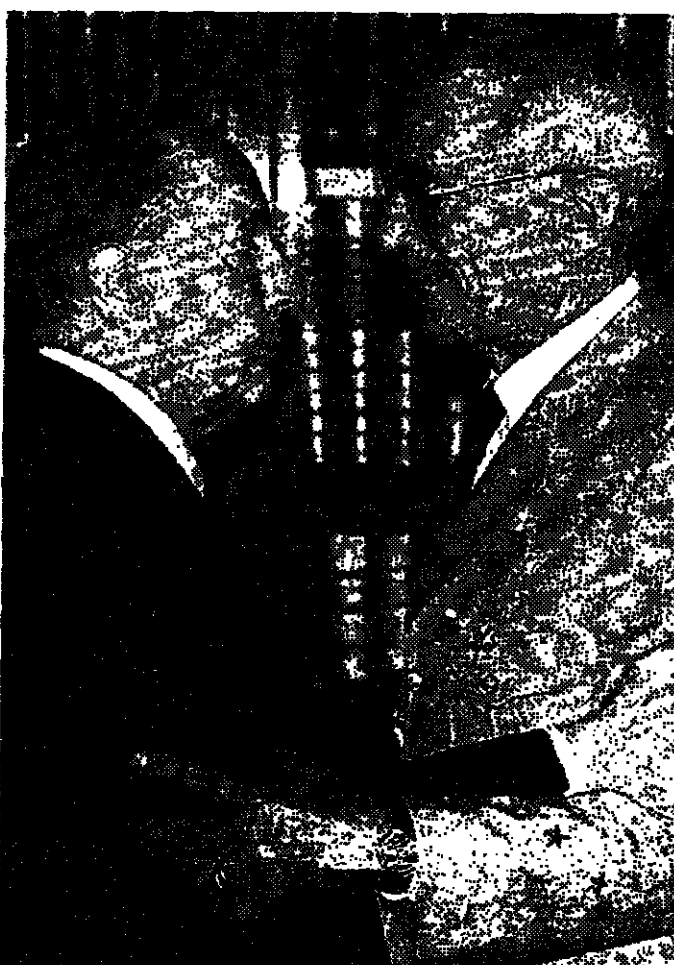
YESTERDAY'S Bastille Day holiday in France provided no respite for the European exchange rate mechanism with the embattled French and Danish currencies coming under renewed selling pressure.

Both the Dutch and Danish central banks were forced to intervene in support of the Dutch guilder and the Danish krone as it reached its lower intervention point against the French franc.

As French commercial banks in Paris continued to trade in spite of the public holiday, hopes that the Bundesbank would provide more substantial support through a cut in its official interest rates at today's council meeting were muted.

Hopes of further German monetary easing were damped after the Bundesbank said it would not be holding a press conference today. The terms at which it elected to lend funds to the German domestic money market yesterday also did little to encourage expectations of lower rates.

The volume of funds provided to the market as a result of the Bundesbank's latest repurchase tender was at the upper end of expectations. But the rate at which the money was provided -



French president François Mitterrand presents Gen Philippe Morillon, former UN commander in Bosnia, with the Legion d'Honneur. Bastille Day speech, Page 2; Currencies, Page 28

7.28 per cent - was only marginally lower than 7.30 per cent charged previously.

The Bundesbank faces a dilemma. There is no reason to doubt that German, French and EC monetary officials have been sincere this week in declaring that they see no fundamental reason for speculative pressure

against the franc. But if the Bundesbank relaxes its policy in response to external pressure, it could damage its long-term credibility as an inflation fighter.

The krone closed at Dkr3.8951 to the D-Mark in London, while the franc closed in Europe at FFfr3.417 to the D-Mark, down from the previous day's FFfr3.414.

This announcement appears as a matter of record only

ASLK-CGER BANK

USD 106,800,000
Equivalent Nominal Value
Notes due 2004-2007

structured financings
arranged and privately placed by

Schroders

Capital Markets Arbitrage
London Paris Hong Kong Tokyo

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Hurd hints at Croatia sanctions

By David Owen in London and Laura Silber in Belgrade

MR Douglas Hurd, the British foreign secretary, yesterday hinted that the EC could decide as soon as next Monday to implement sanctions against Croatia.

The time had come for the EC to "consider economic measures" against the Croats, Mr Hurd told members of the British parliament.

Mr Hurd said he thought there was a "strong case" for having a Moslem "contingent" among UN troops stationed in Bosnia. He believed, however, that Iran would not be a "suitable candidate" for providing such troops.

Nato agreed yesterday that US, French, British and Dutch strike aircraft could start protecting UN forces in Bosnia, including those in Moslem safe areas, from next week.

A meeting of the alliance's ambassadors decided the mission could start from July 22 but left any decision on timing to the UN.

Some 60 aircraft are expected to be involved, among them US A-10 "Warhogs" that can be used against artillery and tanks.

The mainly Moslem Bosnian

army yesterday appeared to strike back from the air for the first time in the 16-month war in Bosnia when three aircraft dropped bombs on Serb-held targets.

If yesterday's incident is confirmed, it would be a violation of the no-fly zone in force over the whole of Bosnia since last October.

Tanjug, the Serb news agency, said three aircraft bombed Serb-held positions near Olovo in central Bosnia. The report, which could not be independently confirmed, gave no details of casualties or damage.

In a bid to raise \$200m, the minimum amount needed to keep the relief operation going, Mrs Sadako Ogata, UN High Commissioner for Refugees, met Bosnian President Alija Izetbegovic to discuss the plight of 380,000 people trapped in the Bosnian capital and the possible reopening of the airport at Tuzla, north-east Bosnia.

UN officials have criticised all three sides, especially the Serbs, for blocking the delivery of aid.

About 2.3m people, more than half of Bosnia's 4.3 population, depend on UN emergency relief for survival.

Threat of new war with Serbs

By Laura Silber in Belgrade

CROATIA's plan to re-open a strategic bridge this weekend risks re-igniting the Serbo-Croat war, a senior UN official warned yesterday.

Mr Cedric Thornberry, deputy chief of the UN mission in former Yugoslavia, said: "Both sides are armed to the teeth, and both have brought up reinforcements. Both are preparing for an escalating conflict."

"In these circumstances the risk of war breaking out again becomes really very high."

Frustrated by Serb intransigence on the opening of Maslenica bridge, which links the main coastal motorway with central Croatia, and the nearby Zemunik airport, Croat authorities are poised to re-establish the vital road link.

Serb forces from the self-styled state of Krajina have warned they will bombard the bridge if the Croats go

ahead with a temporary pontoon bridge. Serbs have trained three Frog missiles on Zagreb, the Croatian capital, say UN officials posted in the region.

"The Croat authorities and the territorial defence forces of Serbia and Krajina are engaging in brinkmanship around Maslenica and the Zemunik airport," Mr Thornberry said in Belgrade.

Croat forces seized control of the area in their offensive on January 22 across UN lines. Since then they have ignored a UN Security Council resolution calling for their withdrawal to the ceasefire line agreed on January 3 1992.

Croatia wants to reassert authority over Serb-held parts which comprise the four UN zones. Resentment has mounted against United Nations peacekeepers for failing to fulfil the peace plan to allow the return of Croat refugees to UN zones.

Estonia's hunt for identity alarms Russians

Matthew Kaminski, recently in Narva, on a new aliens law

IN 1944, Stalin's troops pushed out or deported 30,000 Estonians from Narva. The Russians who took their place now fear a similar fate.

The peaceful appearance of the industrial town belies a deep anxiety among its residents who, at least under the law, are now strangers in a foreign country.

Earlier this week, President Lennart Meri signed an aliens law that discriminates against the Russian minority, which constitutes around 40 per cent of the population.

The law results from Estonia's efforts to assert a national identity after 50 years of Soviet rule and although the new statute was amended to adopt some suggestions made by the Council of Europe and the CSCE, it falls far short of mollifying ethnic Russians or Moscow.

Russians must now pass a language test for Estonian citizenship or apply for residence and work permits. Neither is guaranteed.

"I guess I'll have to go back to Russia," says Valia Solov'yova, 21, who sells flowers near the Lenin statue that stands in the town square.

Such sentiment has spawned a crisis in Estonia's north-east corner. The cities of Narva and nearby Sillamäe, where the Russian population exceeds 95 per cent, will vote on regional autonomy this weekend.

"We'll never agree to alien status in our own country, no matter what it costs or what it takes," says Vladimir Alek-

seyev, Narva's trade union leader.

"They want us to leave Estonia," says Tatyana Yanchenko, 31, who, like many members of her generation, was born in the country. "When Estonia was destroyed during the war and Russia rebuilt it, nobody called us occupiers like they do now."

Young people, whose parents came to work in Soviet factories after the war, worry their children will not learn Russian in school. Among the older generation, the aliens law only exacerbates the shock they have felt at the collapse of the Soviet Union.

Mr Vladimir Chulkin, the town council chairman, is leading the referendum drive with help from Moscow. At his office, which he also used as the local Communist party chief, Mr Chulkin warns ominously of "another Ulster" if Estonia tries to stop a vote it considers illegal.

Anti-Linents, an Estonian who is Narva's assistant mayor, calls Mr Chulkin a dangerous populist who exploits the people's ignorance of the law. But Mr Linents admits the law is flawed: "People should be granted Estonian citizenship in a straightforward way because it's not their fault they were born here or that their mothers or fathers came here."

The crisis threatens stability across the region. President Boris Yeltsin last week hinged a troop withdrawal timetable from all three Baltic states on improved treatment of the Russian minority.

Recession stalks new González team

There are doubts the cabinet has the stomach for the fight, writes Tom Burns

THE NEW Spanish government of Mr Felipe González took office yesterday and was greeted with a degree of scepticism by the financial community. Doubts were cast on its stability and on its willingness to apply measures to curb Spain's worsening recession.

Mr González's Socialist party (PSOE) failed to win an overall majority in last month's general election, and despite extensive talks with leaders of the Basque and Catalan nationalist parties, the prime minister has failed to persuade either group to join his government as a junior partner.

The absence of the nationalist parties, which would have assured Mr González of firm parliamentary support, lends a provisional look to the new government. Both groups may change their minds, however, and try to join the cabinet after the 1994 budget is approved following the summer recess.

Mr González's new team is built around Mr Narcis Serra, the deputy prime minister in the previous government who is now given the additional responsibility of co-ordinating economic policy. Mr Pedro Solbes, a technocrat and a non-Socialist, has been promoted from the agriculture ministry to run the economy and finance ministry.

Neither Mr Serra, a plodding consensus politician, nor Mr Solbes, who has a record as an interventionist in defence of state industry, is viewed as a tough personality willing to take on the challenges of a recession. A senior Madrid corporate lawyer likened the new economic team yesterday to "an aspirin to cure a cancer".



Spain's king and queen look on as Mr Pedro Solbes is sworn in as economy and finance minister

The difficulties facing the domestic economy have been underlined this week by estimates which put the general budget deficit at 7 per cent of gross domestic product. That is double the figure outlined in Spain's Emu convergence plan and compares with 4.4 per cent last year. Year-on-year GDP rose by 0.5 in the first quarter

and growth forecasts for 1993 range between zero and minus 1 per cent.

Inflation is nevertheless rising - it was up by 0.4 per cent in June to give an underlying 12 month rate of 5.9 per cent - despite the recession and a steep rise in unemployment. The number of registered jobless rose last month by 35,351.

The first June increase for 10 years, and the total number of job seekers now stands at more than 2.5m, representing 16.6 per cent of the working population.

Echoing a widely shared view in the financial community, Madrid stockbroker FG forecast that the new government would avoid head-on col-

lisions with the unions, would do little to reduce the budget deficit and would deregulate only under direct pressure from Brussels.

The one positive signal to the markets in the new government is the exclusion from the cabinet of the left wing of the PSOE which is championed by the deputy party leader, Mr

Alfonso Guerra. This is a second humiliation suffered by the so-called guerristas. Mr González has already foisted Mr Carlos Solchaga, the former economy minister and a bitter foe of the leftwing Socialists, on to the PSOE, as the party's leader and chief spokesman in parliament.

Mr González has retained as foreign minister Mr Javier Solana, who is no friend of Mr Guerra, and he brought into the cabinet minor-ranking social democrats, identified with the moderate wing of the party, as well as a total of six independents, three of them women.

It is likely now that the prime minister will continue to wage his war on the left wing by calling a party congress later this year or early in 1994. The guerrista faction, which holds most of the senior positions within the party, has been at the centre of scandals over illicit campaign funds that have severely embarrassed Mr González.

Should the latter deal a definitive blow to Mr Guerra's camp, and also meet home rule demands by the nationalists when he draws up next year's budget, the way will be smoothed for the entry of the Basques and Catalans into the cabinet.

A broad-based coalition government would have its stability assured over the next four years. Given the more market-orientated policies of both the Basques and the Catalans, such a government would help to boost confidence about the economic policies that Mr González may pursue in his fourth term in office.

Mitterrand urges caution on sell-offs

By John Fiddling in Paris

PRESIDENT François Mitterrand yesterday said that the conservative government of prime minister Edouard Balladur must exercise "extreme caution" in the privatisation of state-owned companies important to national interests.

Speaking in a televised interview, traditional on France's Bastille day holiday, the Socialist president also said that the franc must be defended and that the maintenance of its parity with the D-Mark in the European exchange rate mechanism was "a necessity above all others."

Mr Mitterrand cited Elf-Aqui-

taine, the oil group, Aérospatiale, the aerospace company, and Snecma, the aero-engine maker, as examples where caution was needed. Elf is expected to be one of the first companies to be privatised as part of the government's programme commencing this autumn.

Stressing that there was no constitutional power to block the privatisation law passed by parliament, he said: "Once it has been passed I become a notary. It is my duty to sign and I sign."

But his comments reflect a debate within the ruling RPR and UDF parties concerning the privatisation of sensitive

industries and suggest that the government may retain a "golden share" to maintain control of companies involved in defence, high technology and energy industries.

Mr Mitterrand appeared satisfied with his relations with the centre-right government but refused to be drawn on his relations with Mr Balladur.

"I am in favour of applying the constitution. The people voted and that is all," he said, referring to the March general elections in which the Socialists suffered a crushing defeat. In a wide-ranging interview, Mr Mitterrand said that he was in favour of a Gatt agreement on the liberalisation of interna-

Garofano to be questioned today

By Haig Simonian in Milan

MR Giuseppe Garofano, the most important businessman sought in Italy's political corruption scandal, is expected to be interrogated by Milan magistrates in Geneva today.

Mr Garofano was arrested by Swiss police on Tuesday evening as he arrived at Geneva airport from Paris. Unconfirmed reports say he was planning to go to Milan to give himself up following contacts between his lawyers and Milan judges. Last night, Mr Garofano was reported to have asked for a week's "reflection"

to decide whether to accept extradition to Italy.

Magistrates want to question Mr Garofano, formerly the most senior executive in the troubled Ferruzzi group outside the Ferruzzi family, on three matters.

The first is a £250m (£107,000) donation to the Christian Democrat party, the issue which apparently triggered Mr Garofano's decision to flee. Mr Garofano maintained the money was a personal contribution.

However, Milan magistrates, suspecting the money may have come from Ferruzzi,

issued a warrant for illegal funding of political parties. Mr Garofano's name has come up in two other investigations since his disappearance. Milan magistrates monitoring the Ferruzzi rescue plan have been investigating the finances of some foreign subsidiaries.

Last month, Montedison, Ferruzzi's main industrial arm, shocked shareholders with a £435bn increase in its 1992 group loss to £1.679bn on account of mysterious credits, deemed irrecoverable, by a small Curaçao subsidiary.

Magistrates may also want to interrogate Mr Garofano on the

now-defunct Enimont chemicals joint venture between Montedison and the state-owned Eni energy and chemicals group. A number of executives involved in Enimont, including Mr Raul Gardini, Montedison's former boss, have already been told that they are under investigation.

Mr Garofano's detention marks the first time a leading suspect in the corruption scandal has been arrested on an international warrant. Other suspects, including Mr Salvatore Ligresti, who gave himself up to Milan police this week after returning to Italy,

Walesa says no plan to run in poll

PRESIDENT Lech Walesa yesterday denied that he was intending to run in Poland's parliamentary election next September. Christopher Bobinski reports from Warsaw.

He said he had suggested a new political grouping be formed in order to avoid anarchy and disorder. Poles "no longer believed in political parties".

He was responding to Mr Adam Michnik, editor of Gazeta Wyborcza newspaper, who attacked the "new type of party made up of those merely interested in holding on to power".

Ukraine demand over Sevastopol

Ukraine's parliament yesterday demanded Russia withdraw its claim to the Crimean port of Sevastopol, writes Chrystia Freeland in Kiev.

MPs described the Russian parliament's claim on Sevastopol, in the Ukrainian region of Crimea, as "an aggressive political action" and demanded that the decision be formally repealed. They said it was unacceptable for the unilateral Russian claim on part of their territory to remain on the law-books.

President Boris Yeltsin has condemned his parliament's move.

Abkhazia rebels scorn ultimatum

Leaders of the breakaway Georgian province of Abkhazia yesterday scorned an ultimatum to withdraw from villages near the provincial capital, Sukhumi, John Lloyd reports from Moscow.

Mr Sukhina Sosnaliyev, Abkhazian defence minister, called the ultimatum a bluff. Abkhazian positions based in the villages shelled Sukhumi early yesterday morning, hours after the midnight deadline for the ultimatum had expired.

New aid rules approved by MEPs

By Lionel Barber in Strasbourg

MEMBERS of the European Parliament last night overwhelmingly approved new rules for the EC's 1994-99 regional development and structural aid programme, removing a major hurdle for disbursement of around Ecu141.6bn (\$159.9bn) in the new year.

The favourable parliamentary opinion paves the way for the final go-ahead of the biggest-ever EC development programme at a meeting of EC foreign ministers next Monday following last-minute objections from Ireland and Greece.

Under the deal the UK will receive special aid for Merseyside and the Scottish Highlands, including Argyll, Bute and West Moray.

With this and other funding, the UK could receive between Ecu5bn and Ecu6bn over the next six years.

Prospects for a comprehensive deal rose earlier this week after the Irish government lifted its veto, despite its claim to Ecu8bn which it claims was guaranteed in last December's EC summit in Edinburgh.

Mr Albert Reynolds, Irish prime minister, has been in close touch with Mr Jacques Delors, president of the European Commission, and Mr Bruce Millan, EC commissioner responsible for regional affairs, in an effort to resolve outstanding differences.

The parliament's members voted 317 to 8, with only four objections.

They generally welcomed the new aid programme, accepting the Belgian presidency's argument that the deal would be bad for ministers and parliamentarians facing elections next year.

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West Europe car sales plummet

By Kevin Done, Motor Industry Correspondent

NEW CAR sales in western Europe plunged by 1.3m to 6.091m in the first half of the year - a fall of 17.3 per cent. Demand declined steeply in all the main markets except Britain's.

Sales last month fell by an estimated 18.4 per cent to 950,000, the sixth steep monthly fall in succession. The situation was worst in Italy, where year-on-year registrations dropped by 29.5 per cent.

Overall sales last month were lower than a year ago in 14 of 17 European markets. There were marginal rises in Denmark and Portugal, and stronger growth in Britain, where sales rose by 11.1 per cent. The UK, recovering from recession, has seen sales increase year-on-year in 12 of the past 15 months.

West Europe has suffered its steepest six-monthly fall in new car sales for more than a decade, with first-half demand lower in 15 of 17 markets.

The decline was led by a 19.9 per cent fall in Germany, Europe's biggest single market. Sales fell to an estimated 1.78m from 2.19m in the same period last year. First half sales in Spain were down by 29.3 per cent, in Italy by 22.5 per cent, and in France by 17.9 per cent.

Only Britain made a significant gain - of 9.1 per cent, albeit from a depressed level.

Volkswagen, Fiat and Ford suffered steep falls. The Fiat group, which includes Lancia and Alfa Romeo, lost most ground in the first six months. Sales plunged by an estimated 22.1 per cent compared with the 17.2 per cent drop in the overall west European market.

General Motors, which includes Opel/Vauxhall and Saab, gained market share helped by the successful launch earlier this year of its Corsa small car range.

Rover, the subsidiary of British Aerospace, is the only significant carmaker in Europe to have lifted sales despite the decline in the overall market. Volume rose by 10.5 per cent, increasing Rover's share to 2.8 per cent from 2.1 per cent in the same period a year ago.

Japanese carmakers have increased their share significantly from 11.8 per cent to 12.5 per cent, heightening tensions with first-half demand lower in 15 of 17 markets.

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WEST EUROPEAN NEW CAR REGISTRATIONS

January-June 1993

	Volume (Units)	Volume Change (%)	Share (%) Jan-Jun 93	Share (%) Jan-Jun 92
TOTAL MARKET	6,091,000	-17.2	100.0	100.0
MANUFACTURERS:				
Volkswagen (incl. Audi, SEAT, Skoda)	1,034,000	-20.7	17.0	17.7
General Motors (Opel/Vauxhall, US & Saab)	782,000	-14.4	12.8	12.4
Opel/Vauxhall - Saab	750,000	-14.0	12.3	11.9
Peugeot (incl. Citroën)	21,000	-28.8	0.3	0.4
Fiat (incl. Lancia, Alfa Romeo, Ferrari, Innocenti, Maserati)	724,000	-17.2	11.9	11.9
Ford (Europe, US & Jaguar)	716,000	-22.1	11.8	12.5
Ford (Europe)	700,000	-17.5	11.5	11.5
Renault	684,000	-17.6	11.4	11.4
Jaguar	5,000	-4.9	0.1	0.1
Renault (incl. Nissan)	631,000	-17.4	10.4	10.4
Nissan	214,000	-8.0	3.5	3.2
BMW	198,000	-17.2	3.3	3.3
Rover	173,000	+10.5	2.8	2.1
Toyota	170,000	-0.7	2.8	2.3
Mercedes-Benz	164,000	-29.3	2.7	3.1
Mazda	113,000	-24.5	1.8	2.0
Volvo	86,000	-23.0	1.4	1.6
Honda	81,000	-15.4	1.3	1.3
Mitsubishi	79,000	-15.3	1.3	1.2
Total Japanese	722,000	-11.1	12.5	11.8
MARKETS:				
Germany	1,752,000	-19.9	28.6	29.7
Italy	1,088,000	-22.5	17.8	19.0
United Kingdom	880,000	+9.1	14.4	13.4
France	813,000	-17.9	13.4	13.5
Spain	380,000	-29.3	6.2	7.3

Notes: Excludes from UK and sold in western Europe. "UK" holds 91 per cent and management control of Saab Automobile. "GM" holds 50 per cent and management control of Saab Automobile. Percentages are based on volume in first half of year. Figures are based on industry estimates.

Source: Industry estimates

Rostenkowski floats compromise proposal to end impasse

New US energy tax plan

By George Graham

CONGRESSIONAL Democrats met yesterday to discuss their strategy for hammering out a compromise US budget bill, amid signs of a move towards a new variant on the proposed energy tax, which would raise money from both transportation fuels and utilities.

The energy tax proposal, suggested by Mr Dan Rostenkowski, who as chairman of the House of Representatives ways and means committee is Congress's principal tax writer, is being floated as a possible way out of the impasse between the two different levies passed by the House and the Senate.

While the House preserved the outlines of the energy tax originally proposed by President Bill Clinton, to be calculated at 28.8 cents per million British thermal units, the Senate adopted a much more

modest proposal to tax petrol and diesel fuel at 4.3 cents per gallon.

The Btu tax appears to be dead, but House representatives are expected to insist that its replacement raise something much closer to the \$72bn they expected from it than to the \$23bn the Senate fuel tax would raise.

It is unclear at what rates the Rostenkowski tax would apply, but by adding electricity it would have the advantage of spreading some of the burden of the transportation tax, which falls disproportionately on western states.

One rival proposal would scrap energy taxes altogether and instead stiffen the increases already planned in company and upper income tax rates.

The conference between House and Senate delegates to resolve the differences between their versions of the budget bill is expected to prove particularly difficult

because of the narrow margins by which the original bills were passed in each chamber.

Mr Clinton cannot expect a single Republican vote in either chamber, but Democratic whips say he can count on little more than 300 of the 258 Democrats in the House, and perhaps no more than 40 of the 55 Democrats in the Senate.

Every adjustment to the bill threatens to cost him support from either the right or the left: if spending is increased too much, he will lose conservatives, and if it is increased too little, he will lose liberals.

One thing the House and the Senate had seemed to agree on was the overall target of reducing the US budget deficit from its current trend by \$500bn over five years. Even this, however, has now been called into question, with Senator John Breaux of Louisiana suggesting a more modest deficit reduction goal of \$400bn.

Clinton to seek \$2.5bn aid for flooded states

By George Graham in Washington

PRESIDENT Bill Clinton will propose \$2.48bn of aid for the six states in the Mississippi and Missouri basins devastated by record floods, White House officials said yesterday.

The money is expected to be included in an emergency bill to go to Congress shortly.

Mr Clinton cut short his holiday in Hawaii to fly back for his second visit to the flooded area yesterday, inspecting relief efforts in Des Moines, Iowa, where the swollen Raccoon River has knocked out the city's water purification plant and cut off clean water supplies to 250,000 people.

The tide of grandees visiting the region - Vice-President Al Gore visited on Monday and Mr Clinton may return this weekend to St Louis - places its own logistical burden on emergency workers already stretched thin. However, the White House appears desperately keen to signal its close involvement with the disaster.

Some political commentators have gone as far as to suggest that Mr Clinton, by attending

the Group of Seven industrial nation's summit in Tokyo last week, was allowing himself to be turned into a foreign policy president no different from his predecessor, Mr George Bush.

Others had noted the contrast between pictures of Mr Clinton frolicking in the surf during his holiday and the Iowans and Missourians up to their necks in floodwater.

However, there is little evidence that the US public at large begrudges Mr Clinton his few days of holiday, but political pundits recall the difficulties that Mr Bush's holiday habits brought on him.

Ms Dee Dee Myers, White House press secretary, said the relief aid request would cover the rest of fiscal 1993, to September 30, and would be part of an emergency supplemental spending request.

Democratic congressional leaders have said they would try to speed action on any proposed flood relief. Mr Clinton was expected to discuss the matter with bipartisan members of Congress during a visit to Capitol Hill today.

Damage estimates from Illinois, Iowa, Minnesota, Missouri,



Volunteers with sandbags work to shore up a dike in West Des Moines, Iowa. President Bill Clinton visited the city yesterday

Nebraska, South Dakota and Wisconsin put the flood's cost so far at around \$3bn - about \$2bn for destruction of crops and \$1bn in other property damage. Even before President Clinton arrived, Iowa Governor Terry Branstad said he doubted that the federal aid would be enough.

"The damage in the state of Iowa is probably going to exceed \$1bn," he said.

City seethes in summit shadow

LEADERS began gathering in north-eastern Brazil yesterday for the third Ibero-American conference, which will focus on economic development and social justice.

The two-day summit, which starts today in the city of Salvador, brings together Latin American heads of state and those of the region's former colonial powers, Spain and Portugal.

Veronica Baruffati on prospects and problems for the Ibero-American conference, opening in Brazil today

Much of the two days will be spent drafting a document - An Agenda for Development, with emphasis on social development - to be presented to Mr Boutros Boutros Ghali, UN secretary general, for further discussion at the UN.

Most of the participating countries share urgent problems, such as high infant mortality, poor access to basic health and education services, illiteracy, malnutrition and endemic disease. Since May, ministerial meetings have been drawing up working papers on some of the issues.

Away from the conference's main agenda, President Alberto Fujimori of Peru is expected to use the gathering to further his international

rehabilitation following criticism of his dissolution of Congress and seizure of wide powers in April last year.

Admiring Brazilian press articles on Peru's economic progress under Mr Fujimori pushed Brazil's President Itamar Franco to pledge this week that there would be no "Fujimoris" of Brazil.

Citizens of the habitually languorous city of Salvador, Brazil's first capital, have been sharply critical of preparations for the conference and the accompanying facelift. Many claim the meeting will do little to solve everyday problems.

Only recently an official report put at more than \$50,000 the number of children engaged in commercial sex in Brazil and a survey described 32m Brazilians as "desperately poor". Inflation for this year is being projected at a record 2,200 per cent.

In recent weeks the city has seen feverish activity to spruce up areas between the airport, the convention centre and the hotels where 21 leaders, including Cuba's President Fidel Castro, will be staying.

Armies of otherwise unemployed men have donned bright yellow uniforms to resurface and paint the city's two main arteries and clear up years of rubbish dumped along the roads and washed up on the city's beaches.

Hotels have rebuilt suites, and restaurants near the conference area have been subjected to weeks of rigorous inspection. In recent years

parts of the historical centre, Pelourinho, with its magnificent churches and colonial architecture, have been restored, becoming one of Brazil's main tourist attractions.

Mr Franco will make his first official visit to São Paulo on Saturday, with several other heads of state, to inaugurate

the permanent seat of the Latin American parliament.

This will coincide with a visit by more than 200 parliamentarians attending the biennial general assembly of the parliament in what is seen by many as a new phase in the process of Latin American integration.

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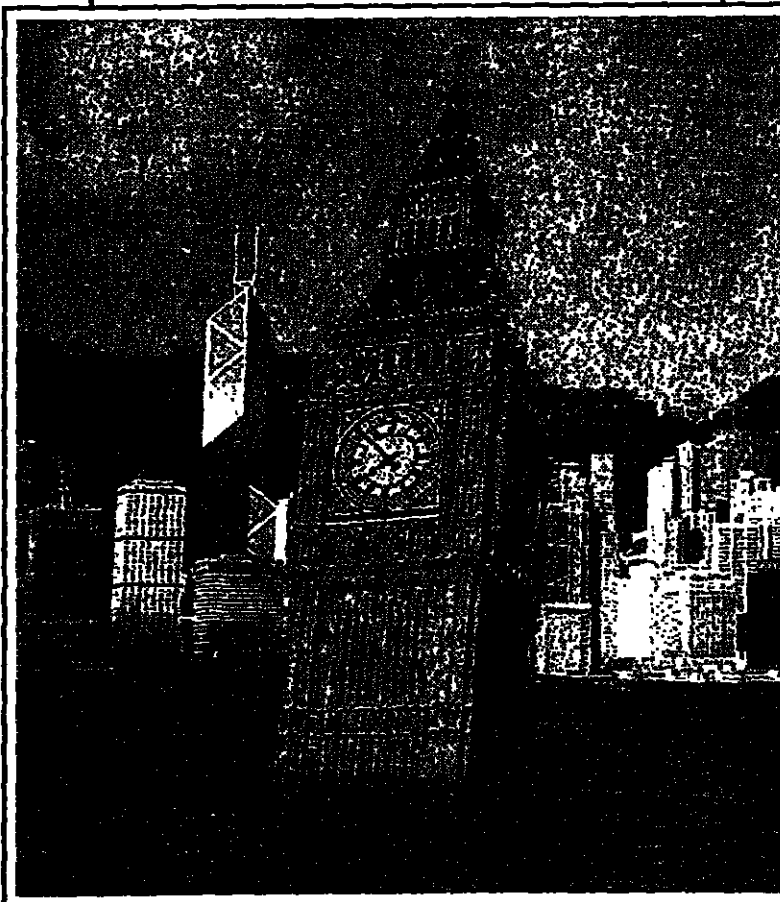
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Property groups agree \$500m Mexican project

By Damian Fraser in Mexico City

REICHMANN International and Soros Realty, the property companies run by Mr Paul Reichmann and Mr George Soros, have agreed in principle to develop a new stage of the huge Santa Fe real estate scheme in Mexico City, in a project that could be worth about \$500m.

The companies, which formed a joint venture in February, are also negotiating property developments that could be worth up to \$500m in the Alameda district in the city centre, and up to \$300m in the construction of two tower blocks on the city's main avenue, Paseo de la Reforma.

They are looking for partners to spread the cost. Sources close to Mr Soros said the sums mentioned would "only represent the total value over a long time and would not represent any specific investment laid out". They said talks over the Alameda shopping and residential project were "nowhere near complete".

Mr Juan Enriquez Cabot, the city government official in charge of the Santa Fe development, said the investment was a vote of confidence in Mexico and its economic future.

Observers may also interpret Mr Soros's interest as his blessing for the peso, which is considered vulnerable to the sort of speculative attack favoured by the US financier and his hedge funds.

The Soros and Reichmann companies had agreed in principle to buy about 120,000 square metres of land in Santa Fe on the western outskirts of Mexico City. Mr Enriquez Cabot said. The companies will develop the fourth stage of the \$5bn-\$10bn project, building houses, office blocks, and shopping centres in what was once a rubbish dump and strip mine.

Mr Soros's Quantum Realty Fund will not take a stake in the proposed investments. While the fund is advised by Reichmann International and Soros Realty, its purpose is to invest in finished developments in the US and Canada.

Haitian protesters support Aristide

HAITIAN soldiers fired in the air yesterday to break up a protest by scores of youths urging the immediate resignation of military rulers and the return of exiled President Jean-Bertrand Aristide, AP reports from Port-au-Prince.

No arrests or casualties were reported from the confrontation, which took place in the vast Port-au-Prince slum of Cité Soleil, where troops massacred scores of Aristide supporters after a military coup in September 1991.

The protesters, most of them teenagers or younger, carried photographs of the deposed president and chanted: "Aristide, the country is for you!"

The protest came as Haitian politicians from across the political spectrum were gathering in New York for UN-brokered talks on setting up a democratic government.

The talks, which opened yesterday, will address how to bring peace to Haiti, contain political strife, and get parliament back on track so President Aristide can return to power on October 30.

The talks, which are expected to last three or four days, are the second stage in a UN-sponsored process outlined under a July 3 agreement signed by Mr Aristide and military chief General Raoul Cedras.

Italy shocked by demand to recall general

By Robert Graham in Rome

THE ITALIAN government yesterday reacted with a mixture of astonishment and wounded pride at the demand by the United Nations for the recall of General Bruno Loi, commander of Italy's 2,400-strong contingent in Somalia.

The call for the general's withdrawal promised to set Italy on its most public diplomatic row with its major allies in recent years. In parliament there were demands for an immediate response and further questions about the possible recall of the entire Italian peacekeeping force in Somalia.

Mr Beniamino Andreotta, the foreign minister, said he was "astounded" by the behaviour of Mr Kofi Annan, the official in charge of all UN peacekeeping operations, who demanded the removal of Gen Loi in a New York press conference.

The foreign minister indicated Mr Annan spoke in direct contradiction to an understanding agreed with Mr Boutros Boutros Ghali, the UN secretary-general. Mr Andreotta told parliament he had discussed the position of Gen Loi in a telephone conversation with Mr Boutros Ghali on Tuesday.

He said it was clear the UN secretary-general wanted to bring forward the rotation of Gen Loi, and they had both talked about this being done in August. This would then give the Italian government time to

study the situation. Mr Andreotta told parliament.

However, the Ciampi government was last night being forced to choose between obliging the UN and the US, the main power behind the peacekeeping operation in Somalia, and closing ranks behind Gen Loi, and behind the increasingly divergent Italian view of how to handle matters in the former colony.

On Tuesday, the government indicated that Italian forces should be withdrawn from Mogadishu, the Somali capital. This was to avoid being seen as an "occupation force".

The Italian authorities insist that the operation in Somalia has lost sight of its original humanitarian and increasingly divergent Italian view of how to handle matters in the former colony.

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US and N Korea say nuclear row talks 'useful'

By Frances Williams in Geneva

SENIOR US and North Korean officials held seven hours of talks in Geneva yesterday in a second attempt to head off confrontation over Pyongyang's refusal to allow international inspection of suspect nuclear sites.

Mr Robert Gallucci, US assistant secretary of state, called the talks "useful". Mr Kang Sok-ju, North Korea's first vice-minister for foreign affairs, said they had been "intensive, productive and useful". The two sides met again tomorrow.

Yesterday's was the second encounter over the issue following Pyongyang's decision in March to withdraw from the 1985 nuclear non-proliferation treaty. At talks in New York in June, North Korea agreed to suspend its decision but refused to give International Atomic Energy Agency inspectors access to the suspect sites.

The IAEA believes that North Korea may be storing plutonium that could be used

to make nuclear weapons without declaring it to the agency as required by the non-proliferation treaty rules.

North Korea denies this but has refused access to two buildings close to its nuclear reactor at Yongbyon, 95km north of Pyongyang, where the IAEA believes the plutonium may be stored.

The US and North Korea last month pledged not to start nuclear war and voiced support for a nuclear-free Korean peninsula, impartial application of IAEA safeguards, non-interference in each other's internal affairs and the peaceful reunification of Korea.

This week's talks centre on what would constitute "impartial" inspections. North Korea has claimed that the IAEA is biased in favour of the western powers, and the US has threatened to seek United Nations sanctions against North Korea if the talks fail. President Bill Clinton warned last weekend that, if North Korea ever used nuclear arms, it "would be the end of their country".

Seoul sacks generals over arms accusations

PRESIDENT Kim Young-sam of South Korea yesterday sacked two top generals allegedly linked to corrupt arms purchases, a Defence Ministry spokesman said. Reuter reports from Seoul.

General Cho Nam-pung, commander of the country's three field armies, and Lt-General Park Woong, the assistant defence minister, would be replaced, the spokesman said. The two were among 34

defence officials and military officers accused last week by the Board of Audit and Inspection of being involved in irregular deals and bribe-taking.

Under Mr Kim's orders the board investigated recent military hardware purchases, including a \$5bn air force modernisation plan, which opposition politicians say were secured through corrupt means.

Japanese 'madonnas' sing rival tunes

Robert Thomson watches the top two female candidates square off in the election campaign



Japanese elections

In the cloying drizzle of a Japanese wet season, a white plastic grocery bag tied around the cast on a broken foot, Ms Yuriko Koike, star of television and the Japan New party, hobbled forth to deliver one more speech in praise of a JNP-backed candidate.

"If I was paid by the hour for this sort of stuff, I'd be a very rich woman," said Ms Koike, confident enough of voter support in her home prefecture of Hyogo to give time to other candidates hopeful that a bit of Koike charisma will rub off on their campaigns.

But, before next Sunday's general election, Ms Koike cannot afford to venture too far from Hyogo, in western Japan, where she is engaged in symbolic battle with Ms Takako Doi, the "iron butterfly" and former head of the Japan Socialist party, now known as the Social Democratic party.

The local media have dubbed the Koike-Doi bout the "madonna showdown". Ms Doi was supposed to lead Japanese politics and women into a new era, but the expectations have

shifted to Ms Koike, whose past life as a television commentator has given her the off-camera confidence to keep a political gathering amused.

There are 70 women candidates, up from 66 in the 1990 poll and 35 in 1986, and it is pure coincidence that Hyogo is home to the two best known. The "madonna boom" was an important theme during the last campaign, although only 12 of the 512 members elected in 1990 were women, and the Japanese media have moved on to other subjects.

Hyogo has another symbol of the need for change: Mr Kenzaburo Hara, 86, running for the Liberal Democratic party for the nineteenth time, and the country's oldest candidate. He was politely advised by the party to make way for a younger candidate, but insisted that "this is the most important campaign of my life".

The congenial Mr Hara, who sees himself as a crusader against "confusion", is bewildered by more than just the plethora of new parties. Arriving for a speech at the Matzaki Gumi construction company, he was carefully guided into the building where construction workers, the LDP faithful, were to hear his faltering speech.

Matzaki has Mr Hara's post-

Year	WOMEN CANDIDATES AND ELECTED MEMBERS	
	Candidates	Elected
1972	20	7
1976	25	6
1979	23	11
1980	28	9
1983	28	8
1986	35	7
1990	66	12
1993	70	-

ers plastered on the office walls and presumes another win will be good for business. The campaign posters show a strong-boned man, apparently in his late 50s, but the reality is that Mr Hara, hands and forehead flecked with age, has been unable to defy nature.

Some LDP candidates are wary of being seen as too close to the construction industry, accused of illegal funding of politicians and bid-rigging. But Mr Hara is comfortable in the company of his friends at Matzaki, where the corporate slogan is "More, more".

"What will happen to Japan if the LDP does not win? If opposition parties form a coalition government, they will not be able to agree with each other because their policies are so different. It will be chaotic for the country," said Mr Hara, who still has a sense of the issues and a politician's hand-

shake. If an opposition coalition is formed, much will depend on Ms Doi and Ms Koike, who is second-in-command at the JNP. In Hyogo No.2 constituency, where they are competing, there are seven candidates and five seats. It appears that both will be elected, while Mr Hara may be defeated, though 35 per cent of Japanese voters are still "don't know".

For Ms Doi, winning more votes than Ms Koike is a matter of honour, as is rousing support for the SDP, which is expected to have its tally of seats cut from 140 to less than 100. Voters are unhappy with the LDP but now have a wider choice in casting a protest vote, which has generally gone to the SDP in the past.

After arriving in the "Takako-mobile", a van festooned with slogans and high-decibel loudspeakers, Ms Doi attempted to inspire shoppers in a mall at Takarazuka, a Hyogo city famed for an all-women theatre company which performs "Gone with the Wind" and "Grand Hotel" to permanently sold-out houses.

Introduced as the woman who can save Japan from the LDP, she told 200 people the SDP would not fail at the polls "in spite of the predictions of the media". Like Mr Hara, she



Takako Doi: expectations have shifted to her rival

is contemptuous of the newly-emerged parties and their "lack of beliefs and ideas".

But Ms Doi is one of her party's greatest contradictions. An impressive speaker who seems to want the SDP to be a genuine alternative to the LDP, she remains an unrepentant ideologue. As leader, Ms Doi maintained the traditional support for totalitarian North Korea, and was unable to draft a

coherent economic policy.

"I don't vote for the Socialist party, but I do vote for Doi san," explained a 34-year-old woman standing in the Takarazuka mall. "I think she is a wonderful person. I trust her and, for me, that is the most important thing. I believe that she will try to do the right thing, even if her party does the wrong thing."

Kirin chiefs on charges of paying gangsters

By Emiko Terazono in Tokyo

JAPANESE police yesterday arrested four executives of Kirin Brewery, the country's leading beer and food maker,

on charges of making illegal payments to gangsters. Kirin is alleged to have paid about ¥33m (\$203,700) to gangsters to ensure order at their shareholders' meeting held last March. It is common for gangsters to appear at shareholders' meetings to ask awkward questions and embarrass a company's board.

Corporate payments to stop disruption of shareholders' meetings are seen as an easy source of income. However, the police have been tightening their grip over such violations of the commercial code.

Last October, Mr Masatoshi Ito, the president of Ito-Yokado, a leading retailer which also controls Southland of the US, was forced to resign following arrests of company executives who had allegedly made illegal payments of over ¥2m to gangsters.

The police yesterday also arrested eight members of Rondon Doyukai, a gangster group also linked to the Ito-Yokado case. They said the payments to Rondon allowed Kirin to conclude its most recent shareholders' meeting in March within 24 minutes.

The arrests come ahead of the government's scheduled reform of the commercial code in October aimed at providing more information to shareholders and making it easier for shareholders to sue corporate management.

Many companies fear that the changes could encourage gangsters to threaten corporations.

NEWS IN BRIEF

Russia on alert over Afghan clash

GENERAL Konstantin Kobets, the Russian deputy defence minister, yesterday demanded the right to use "all possible force", including aircraft and rockets, in the escalating conflict on the border between the former Soviet republic of Tajikistan and Afghanistan, writes John Lloyd in Moscow.

Gen Kobets' call, which comes three years after Russian troops pulled out of Afghanistan, followed an attack on a border post manned by a joint unit of Russian and Tajik interior troops which left 20 Russians dead. The Tajik foreign ministry said a village eight miles from the border with Afghanistan was destroyed and between 100 and 200 Tajiks killed.

In a second appearance before the parliament after it had postponed a decision on legalising the actions of Russian troops in Tajikistan, Gen Kobets said "the twelfth border post fell today - I cannot guarantee that the thirteenth will hold. The way in to Tajikistan lies open."

Gen Pavel Grachev, defence minister, told the official Itar-Tass agency that extra units of the Russian 201st division stationed in Tajikistan would be sent to the Afghan border.

Refugees from the civil strife which devastated parts of the republic last year are massed in camps within Afghanistan, which now function as bases for trans-border guerrilla actions supported by Afghan mujahideen.

The Tajik government, formed by forces supported by the former Communists, invited Russian troops earlier this year to assist in guarding the borders and in ensuring internal order.

Hong Kong reserves stand at \$35bn

Hong Kong's foreign currency reserves rose by \$6bn to \$35.2bn at the end of 1992, Mr Hamish Macleod, the colony's financial secretary said yesterday. Simon Holberton writes from Hong Kong. At the end of last year Hong Kong had the ninth largest stock of foreign currency reserves. Taiwan's reserves were US\$69bn, while China's - excluding the external assets of Bank of China - were about US\$20bn.

Hong Kong disclosed its external position for the first time a year ago. The colony's reserves are managed by the newly created Monetary Authority - a central bank in all but name. The Authority is responsible for maintaining the Hong Kong dollar's fixed link with the dollar - at HK\$7.8 - and regulates the colony's banking system and money market.

The development of the money market is one of the Authority's prime aims. In 1992 the stock of outstanding short-term money market instruments rose to HK\$19.3bn from HK\$13.6bn in 1991.

Flood damage feared in Pakistan

Widespread flood damage was feared in Pakistan last night as another 100 villages were flooded in the province of Punjab by the rivers Ravi and Chenab, adding to the 250 already affected, Farhan Bokhari reports from Islamabad.

The floods have again raised fears of large-scale destruction to crops and property.



Kichii Miyazawa, Japan's prime minister, wearing a security outfit, inspects damage on Okushiri Island. Mr Miyazawa said temporary housing was urgently needed for evacuees after Monday's earthquake off Hokkaido. The ministry of home affairs said it would provide relief grants.

Industrial earnings in China surge

CHINESE industry more than doubled its earnings in the first five months of 1993, according to figures released yesterday. Reuter reports from Beijing.

The State Statistics Bureau said the country's 337,000 industrial enterprises earned nearly ¥51.3bn (\$5.9bn) from January to May, a 110 per cent increase over the same period last year, the official China Daily newspaper reported. Sales were up nearly 40 per cent to ¥11,04bn and pre-tax profits rose nearly 50 per cent to ¥1,299.6bn.

"The impressive gains concealed problems that, if not resolved in good time, might drain the economy and stifle market demand," the bureau was quoted as saying. "The speed-up in industrial production has been excessive and has created tension between sectors of the economy."

The official Xinhua news agency said efficiency at large and medium-size state enterprises was up 17 per cent. It attributed this to more autonomous management, growth of heavy industry and rising consumption in coastal provinces. Much of the earnings gain came from the enterprises.

Tension rises in south Lebanon security zone

ISRAELI sent 1,000 soldiers and a fleet of tanks and armoured vehicles to its self-declared security zone in southern Lebanon yesterday, sparking renewed speculation of an imminent attack against Arab guerrillas, writes Julian Ozzanne in Jerusalem.

Israeli aircraft flew mock raids over both south and eastern Lebanon and the inner cabinet discussed a list of

possible military actions against Arab guerrillas operating in Lebanon as retaliation for the killing of five Israeli soldiers last week.

In Beirut Mr Rafik Hariri, the Lebanese prime minister, said the escalation in tension was aimed at putting pressure on his government to make concessions in the Arab-Israeli peace talks to the detriment of Lebanese sovereignty and dignity. "We will not submit to any blackmail from Israel," he said.

Mr Yitzhak Rabin, the Israeli prime minister, has vowed to strike back against the Palestinian and pro-Iranian Hizbollah guerrillas, responsible for last week's deaths.

Senior Israeli officials, however, played down the possibility of a serious strike especially while Mr Dennis Ross, the US peace talks coordinator, was in the region. Mr Ross left for Washington yesterday.

Syria, which Israel blamed for the surge in violence, also called yesterday for the US to discourage an Israeli retaliation. It said such action could jeopardise the next round of peace talks.

Israeli ban on PLO links under review

By Julian Ozzanne in Jerusalem

ONE of Israel's greatest taboos - a ban on direct contacts with the Palestine Liberation Organisation - is under serious review.

Since Mr Yitzhak Rabin's government came to power last year unofficial contacts between Israel and the PLO, long castigated as terrorists bent on the destruction of the Jewish state, have mushroomed. There is an increasing number of senior Israeli politicians who now believe a durable peace with Palestinians will not be possible without face-to-face talks with the PLO.

"If you are going to talk business you had better talk with the boss," said Mr Benny Temkin, an MP from the Mer-

etz party, Mr Rabin's most important coalition partner. Despite government statements this week denying that officials have recently met the PLO, the belief that there is a secret dialogue refuses to go away.

The respected daily Haaretz newspaper said yesterday a senior Arabic-speaking Labour party official had had five or six meetings with PLO officials including Mr Nabil Shaath and Mr Bassam Abu Sharif in Egypt and the US. Haaretz said that after each meeting Mr Rabin was briefed in writing.

Mr Gad Ben-Ari, Mr Rabin's spokesman, denied the contacts again yesterday but, whatever the truth, it is clear there is a growing body of opinion in favour of direct dialogue with the PLO.

In January, the government repealed a law banning contact between individual Israelis and PLO officials. Several MPs have since held public meetings with PLO officials and one radical Labour MP Ms Yael Dayan met Mr Yasser Arafat, the PLO chairman, in Tunis.

Meretz, which has 12 MPs in the 120-strong Knesset and four cabinet posts, is publicly committed to direct contacts with the organisation. Mr Temkin said the coalition agreement allows Meretz to raise the issue and "we are doing it now."

At least one Labour party minister, Mr Uri Baran, has also come out in favour of direct talks and a Labour MP claimed last week a further seven Labour party ministers privately supported the idea, which, if true, would mean an

11-7 majority in the cabinet. Furthermore, critics of the government say Mr Rabin's acceptance of the inclusion in the Palestinian peace delegation of Mr Faisal Husseini, who is close to Mr Arafat, was a tacit acceptance of a PLO role.

The issue has become more critical as the peace talks have faltered - especially over whether east Jerusalem should be included in the interim phase of Palestinian self-rule. Other issues critical to a peace deal, such as territorial concessions on the occupied West Bank and security guarantees, need PLO involvement, say experts.

However, an official change of policy will have to overcome two considerable obstacles. The first, according to Mr Ben-Ari, is that "Arafat personally

is viewed as a vicious, anti-Semitic demon and a symbol of so many things Israelis despise."

Opening a dialogue would be politically dangerous and play into the hands of the right-wing opposition Likud party. The second is that the Israeli government believes that a formal inclusion of the PLO in the peace process will lead the talks away from the interim phase of self-rule and towards the much more sensitive issue of an independent Palestinian state.

Most observers believe that any change in government policy will be gradual. But they say that progress on the peace talks will be difficult if not impossible without the PLO's official involvement in some shape.

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Commission seeks to be sole trade negotiator

Brussels wants US treaties modified

By Lionel Barber in Strasbourg and David Gardner in Brussels

THE European Commission has asked seven member states to modify bilateral friendship treaties with the US, in a move aimed at restoring its authority as sole trade negotiator of the EC.

The Commission's proposal is a further challenge to the informal US-German "non-aggression pact" in which each side agreed to exempt the other from trade sanctions in the US-EC dispute over public procurement.

Germany has come under renewed pressure to implement EC trade sanctions against the US in the transatlantic row over government telecommunications contracts.

Germany maintains that a 1954 trade treaty with the US prevents application of Article 29 of the EC's Utilities Directive which establishes a preference for EC companies on procurement contracts.

So far, Bonn has refrained from exchanging letters to confirm the deal with Washington. The Commission's latest move may inflame matters, but Sir Leon Brittan, the EC commissioner responsible for external economic relations, is ready to take Germany to the European Court of Justice if necessary, according to EC officials.

The Commission has proposed that Belgium, Denmark, Germany, Ireland, Italy, Luxembourg and the Netherlands give one year's notice to the US that they intend to modify bilateral friendship, commerce and navigation treaties to accommodate Article 29.

Only Germany considers itself exempt from Article 29, because its treaty with the US predates the Treaty of Rome. Commission officials said they were taking a hard line, in case member states with similar treaties further undermine the EC's united trade policy.

On the Uruguay Round Gatt negotiations, Sir Leon assured

the European Parliament yesterday that television broadcasts, films and other audio visual products needed special treatment.

Mr Willy Claes, Belgian foreign minister, said the EC should not be the "victim of a naive and free trade liberalism".

But Mr Claes made clear he was not in a hurry to reach agreement on proposals which would make it easier for the Commission to impose anti-dumping measures. This issue has divided the EC between protectionist-minded countries and free traders. Mr Claes said it would be better to wait until after an outline agreement in the newly-resumed Gatt trade talks in Geneva.

Japanese officials have agreed that Japan's car exports to the EC this year should be lowered further from the earlier agreed levels, to take into account the fall in EC demand, a European Commission source said yesterday.

Italian export insurance for review

Tighter guidelines will follow corruption charges, writes Robert Graham

IN A little-noticed move, the Italian Treasury has decided to carry out a thorough review of the operations of Sace, the state-run export insurance agency with total exposure of L52,266bn (£22.35bn).

The outcome is likely to have a profound impact on the way Italian exports are given cover. In future Sace - or its replacement - will operate on much tighter guidelines with more overtly financial criteria and less subject to the strong-arm of the politicians.

Sace has operated with a great degree of discretion and has been deeply beholden to political masters. This has been exposed in recent months by its involvement in the corruption scandals that have led in turn to a complete overhaul of the agency's board.

Mr Roberto Ruberti, head of Sace, is still in jail after being arrested on March 11 on charges of corruption. Two other senior Sace executives were arrested, along with three other figures linked to the export credit business. Mr Ruberti, a former member of the Bank of Italy, is alleged to have received payment in

return for providing Sace cover for overseas Italian contracting operations.

These developments prompted the Treasury to move in and take a closer look at Sace, while also guaranteeing the normality of the agency's operations. Rome magistrates are understood to be examining a series of suspect insurance deals, especially in the Caribbean, between 1983-88. Some \$300m-\$400m (£200m-£270m) is involved.

Until the magistrates have clarified matters, the Treasury cannot approve formal settlement of the suspect operations. As a result the Treasury is expected to establish an escrow account to assure creditors they will be paid.

Even without the damage caused by being caught up in the corruption scandals, Sace was in need of a reappraisal. Questions have been building up for years about how far the Treasury should be funding indemnity payments and over the slim size of premiums. There have also been demands for a better definition of the types of country risk available for Sace cover, as well as new guidelines on the agency's role

in backing overseas aid projects. The latter area is where some of the worst abuses are believed to have occurred.

The Treasury has handed out over L3,380bn in the past two years to assist Sace pay-out indemnity claims and L1,400bn more is likely this year. The level of indemnities is believed to have peaked in 1992, the large recent

have slipped from covering over 80 per cent of indemnities to under 10 per cent. The ratio of recoveries to indemnities is over 60 per cent.

Since 1990 tighter methods of control have been in operation; but only now are the authorities recognising that Sace has conducted insurance cover on far too discretionary a basis. Thus one of the main tasks of the commission will be to provide a set of ground rules for transparent operations judging risk both by country and by business sector.

A more sensitive issue concerns future Sace policy towards covering investments regarded as strategic in risk countries. This is especially important for Italy, which depends almost wholly on energy imports whose cost has to be offset by an aggressive export policy. Successive governments have thus encouraged big trade and project finance deals with the energy suppliers. The most notable examples are trade and investment deals to offset the cost of Algerian and Soviet gas.

Between them, Algeria and the former Soviet states account for L15,000bn (split in

roughly equal parts) of Sace's cover - nearly 30 per cent of all long-term commitments. Much of the L7,000bn Sace cover for Algeria embraces trade and investment related to building a second under-the-Mediterranean gas pipeline. Nevertheless, at present these countries would not necessarily come within the ambit of stricter criteria for Sace coverage either in terms of political risk or because of non-payment of debts.

The Treasury commission will therefore have to decide whether such strategic investments are determined by reasons of state or by purely commercial considerations. If the former, then cover will have to be arranged in a different way - for instance, guaranteed direct by the Treasury or backed by special collateral.

A pointer is the current negotiations between ENI, the state oil concern, and Gazprom for a \$1.8bn contract to modernise and upgrade the Russian federation's gas pipe network. Here the Italians want a commodity collateral in gas or oil. Only when the collateral has been finalised will the Sace cover of \$1.6bn be forthcoming.

Japan cautious on surplus cut

By Charles Leadbeater in Tokyo

JAPAN's current account surplus is unlikely to be reduced in the next two years despite last week's agreement with the US that there should be a significant cut, a senior Japanese government official warned yesterday.

Mr Sozaburo Okamatsu, the Ministry of International Trade and Industry's vice-minister for international affairs, said the surplus would probably only start to fall in three years' time and the pace of change would depend on the state of the world economy as much as the strength of Japanese domestic demand. He confirmed the Japanese government was discussing policies which would allow it to meet its commitment to pursue strong and sustainable domestic demand.

Miti officials believe it could take up to five years for the surplus to be significantly reduced, as the agreement demands.

Mr Okamatsu, the senior Miti official involved in negotiating a trade talks framework with the US, said the agreement did not sanction the use of numerical targets to open up Japanese markets to imports. The "objective criteria" referred to in the framework to measure progress in opening markets would only be used to assess past progress and not set goals.

"We only agreed to use data from the past, not data which could be used as a target for the future," he said.

The use of numerical targets to guide Japanese policy had been the most contentious issue in talks over the framework, which culminated in an agreement last Saturday.

The US had been pressing Japan to accept the goal of halving the current account surplus - expected to be about \$150bn (£100bn) this year - to 1-2 per cent of gross national product.

Instead, the agreement commits



Okamatsu: no numerical targets

Tokyo to "achieve a highly significant reduction in the surplus over the medium term". Mr Okamatsu defined the medium term as about five years.

Geneva reclaims Gatt talks

By David Dodwell, World Trade Editor, and Frances Williams in Geneva

THE 116 countries involved in the Uruguay Round of global trade liberalisation yesterday launched two weeks of intensive negotiations in Geneva aimed at laying foundations for a successful agreement by the end of the year.

Talks will focus on tariff cuts in manufactures and farm products, and opening markets to trade in services.

This is the first time in six months that multilateral negotiation toward the long-delayed agreement has been engaged. For much of the past two years most negotiators have been hapless spectators to bilateral wrangling between the US and the European Community, and more recently between the "quad" countries, which include Japan and Canada.

Mr Peter Sutherland, the new director-general of the General

Agreement on Tariffs and Trade, which is overseeing the negotiations, called yesterday on participants to table significant market-opening offers. "We can't allow the process to drift aimlessly. We simply don't have the time," he said after briefing negotiators on the breakthrough achieved at the Group of Seven summit in Tokyo last week.

He hailed the tariff-cutting agreement as "not comprehensive, but a good package which allowed us to say there had been a very positive result". It was already clear the overall Uruguay Round package should achieve tariff cuts "well in excess" of its one-third target.

Mr Sutherland has called a further meeting of the Trade Negotiations Committee - the principal body overseeing the Uruguay Round negotiations - in two weeks. He will then examine progress, and "point fingers at the poor performers" if necessary.

A further TNC meeting will be called late in August to "set a criti-



Sutherland: calling for offers

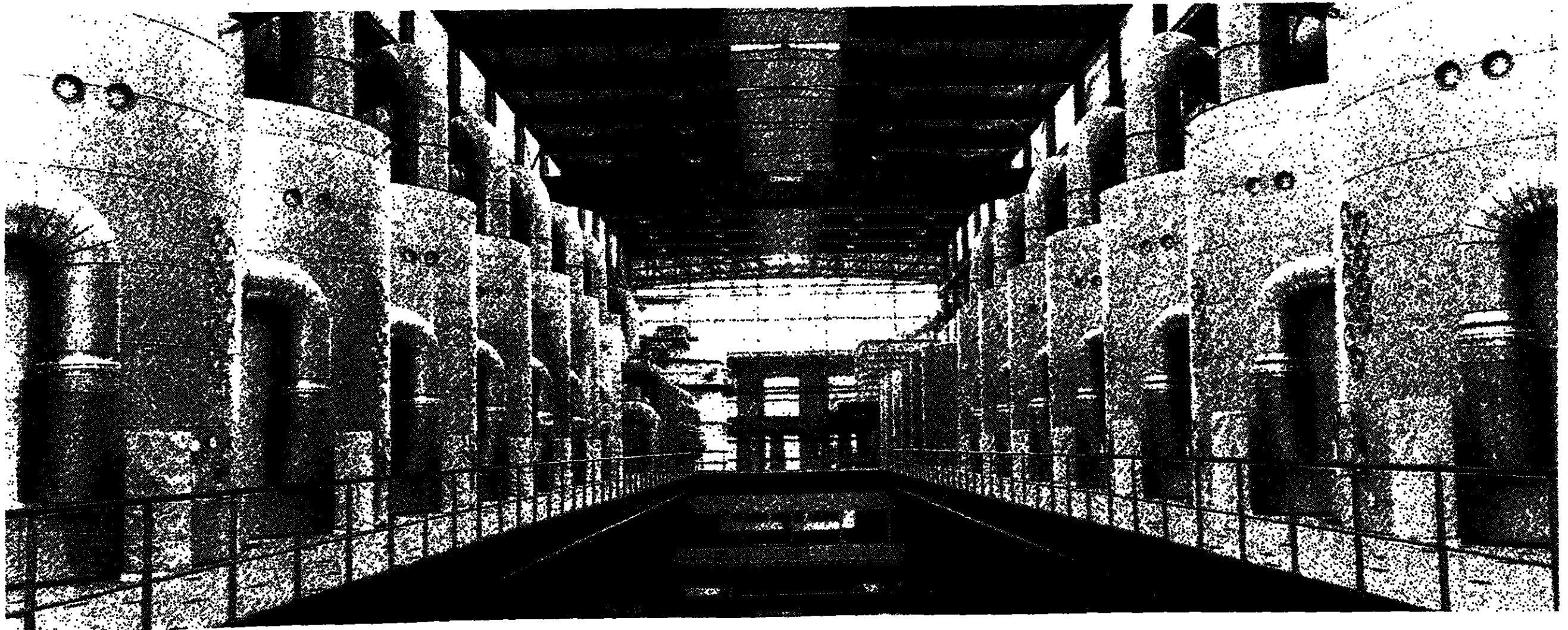
cal path" for negotiations through autumn. The target is to complete an agreement in principle by December 15, when the US administration's fast-track authority runs out.

German state seeks investment

MECKLENBURG-West Pomerania, the most rural and thinly populated of the new east German Länder (states), is seeking foreign private investment in the water, sewage, housing and tourist industries, said Mr Berndt Seitz, its prime minister, Peter Norman writes.

Visiting the UK, Mr Seitz said seven British companies were interested in investing in the state, including companies in the building material and food sectors. He said it could take 20 years before the state caught up with western Germany's standard of living. But it could offer a wide range of financial inducements to potential investors and had good contacts with industry in former communist countries.

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Thatcher calls for British referendum on Maastricht

By Alison Smith

LADY THATCHER, the former prime minister, made a passionate plea yesterday for a referendum on the British people could decide whether to surrender more of their powers to the European Community.

Addressing the House of Lords, parliament's upper chamber, she said EC institutions were diminishing the UK's sovereignty so far and so fast that the people should be asked whether this was what they wanted.

In a final appeal on behalf of the opponents of the Maastricht treaty on closer European political and monetary union, she concluded: "It is the people's turn to speak. It is

their powers of which we are the

custodian."

But the idea of a referendum on Maastricht was firmly rejected in a series of speeches from government and opposition spokesmen, as well as four former members of Lady Thatcher's cabinet.

Lord Lawson, the former chancellor of the exchequer, argued that the UK's "opt out" on monetary union meant that a referendum was not needed now. He added, however, that since in his view monetary union implied a loss of national sovereignty, if the UK were ever to opt for monetary union, then there should be a referendum at that point.

Lord Lawson claimed the Maastricht treaty only built on agreements entered into by Lady Thatcher when, as prime minister, she secured parliamentary approval for the single European act.

Many peers, including Lord Wakeham, the leader of the Lords, warned that embarking on a referendum so long after signing the treaty and having gone through so much of the parliamentary process would do "the greatest possible damage to Britain's reputation" in the Community.

Lord Whitelaw, one of Lady Thatcher's most influential confidants when he served as deputy prime minister, told peers that by supporting the demand for a referen-

dum they would be seen to be seeking to usurp the "leading role" of the Commons. He stressed that MPs had rejected a referendum by a massive 239 vote majority.

Lord Whitelaw underlined the role of the Lords as a revising chamber and maintained that a vote in favour of a referendum would be seen as a clear rejection of the decision already reached by the Commons.

Making clear Labour's opposition to a referendum - which has led to the government's confidence of defeating the referendum campaign - Lord Richard, the party's leader in the Lords, said the treaty had been given ample consideration. "It is time that the talking now stopped".

Yesterday's debate marked the climax of the Lords' consideration of the Maastricht bill. Though a further stage remains, it will not provide the opportunity for the set-piece occasion which saw peers sitting on the steps of the throne and crowding at the limit of the chamber to hear the main speakers.

Instead, the most serious challenge for the government will come in the debate on the social chapter in the House of Commons, later this month, once the bill itself has become law.

A coalition of opposition parties in favour of the social chapter and Tory rebels still seeking to frustrate ratification could defeat the govern-

ment, by supporting a move to prevent the UK ratifying the treaty until it had committed itself to the social agreement.

In a speech which once again raised the profile of the Euro-sceptic cause, Lady Thatcher painted a picture of a Westminster parliament in which representatives were no longer accountable to those who had elected them because they had passed decision-making powers to the European Commission and had been unable to prevent the European court extending its powers.

The UK has "surrendered too many powers already. We should surrender no more unless the people wish it," she said.

Sanctions urged to halt illegal data trade

By Rachel Johnson

NEW LAWS are needed in Britain to stamp out a growing black market in confidential personal information ranging from bank account details to legal records, the Data Protection Registrar said yesterday.

Mr Eric Howe, the registrar, is so concerned about the UK market in data on income tax, bank accounts and credit cards that he has asked the Home Secretary to launch a parliamentary investigation into the nature and extent of the trade.

He wants the government to consider whether there should be stronger laws against "disclosure by deceit", even though the Data Protection Act requires banks and other personal data users to have appropriate security for the information they hold.

A loophole in the act means that personal data can be disclosed by a data user, such as a bank, provided it is authorised under the Data Protection Register to reveal such information.

The act requires data users to register if they disclose personal details to another organisation such as a credit reference agency.

But bank staff are being duped into giving away confidential information to unauthorised private agents posing as authorised users and hired mainly for debt collecting purposes, according to the Mr Howe.

Banks and finance houses have become increasingly concerned about the leaks of information following complaints by Mr Norman Lamont, the former chancellor of the exchequer, and Ms Stella Rimington, the head of MI6, that the security of personal files had been breached.

The British Bankers Association has been reviewing security in banks following reports that "tracing agents" were bribing banks' staff for the internal codes required to authenticate inquiries.

Some tracing agents who specialise in debt collection and other private inquiries can also subscribe to this data. But the agencies insist that only those with appropriate consumer credit licences can obtain financial data.

The agencies - the largest are Infolink, CCN and Equifax - offer tiered access to data, and charge different amounts depending on the amount of data disclosed.

● Infolink charges 53p per record for a check on "black data" held against a person, including court judgments and bankruptcy rulings that indicate that a person is a very poor credit risk.

● For £1.41, a user approved to receive credit data will get additional "white data" on how the individual has handled other financial contracts. This will not include bank account details and payment records unless the user has access to "closed" data.

● Subscribers who have agreed to supply information such as payment records for their own credit card will receive detailed information from other subscribers' records.

The registrar is concerned that stronger sanctions are needed to deter unauthorised access by third parties.

Mr Howe also warned that the re-issue of National Health Service numbers could introduce a system of national identification. He doubted whether the use of NHS numbers would be adequately restricted by Crown Copyright - which would not even prevent the use of the number by other crown agencies.

Complaints by individuals to the DPR about the use of their personal data rose from 1,747 in 1992 to 4,500 this year.

Most related to credit references, vehicle licensing records, criminal and financial records. But complaints about direct marketing, or "junk mail", fell.

Fraud inquiry at Lloyd's agency

By Richard Lapper

THE SERIOUS Fraud Office yesterday launched a formal investigation into the affairs of insurance syndicates formerly managed by the Gooda Walker agency at Lloyd's of London, presenting new difficulties for the insurance market as it seeks to attract new corporate investors.

Gooda Walker syndicates lost more than £900m between 1987 and 1990, accounting for nearly a sixth of the market's overall losses of more than £6bn. Leaders of loss-making Gooda Walker Names - the individuals whose assets support underwriting at Lloyd's - welcomed the report but called on Lloyd's to suspend its moves to draw down their assets pending completion of the investigation.

"This is the conclusion of a long campaign to have these allegations of fraud taken seriously," said Mr Michael Deeny, chairman of the Gooda Walker

Name your price - feudal titles for sale

Sales by distressed Lloyd's Names are contributing to a boom in demand for feudal titles, according to an auctioneer who specialises in the market.

"It's like the Norman conquest only in reverse. The Anglo-Saxons are getting their own back," says Mr Robert Smith, of London-based Manorial Auctioneers, who says his firm has sold more than 200 Norman titles in the first six months of 1993.

Lloyd's Names who have sold titles recently include the Earl of Carlisle, who raised £55,000 by selling his barony of Gileland in Cumbria to a US buyer.

"It's a very painless way of raising a bit of cash," says Mr Smith, who says that at least 100 Lloyd's Names - the individuals whose assets support the insurance market - have sold their titles this year alone.

A list of 70 titles currently being marketed by Mr Smith includes the Lordship of Shrewsbury's Fee in Isleham, Cambridgeshire - a snip at £5,500 - and the Lordship of Bermondsey in London - a more expensive £35,000.

Action Group, which represents more than 2,000 Gooda Walker Names.

The SFO decision to investigate follows its review of a report into the four Gooda Walker syndicates by Mr Ken Randall, a director of the

agency now managing their affairs. The Randall report, which was handed to the SFO in April, alleged that Gooda Walker syndicates artificially inflated their profits during the 1980s through the improper use of "time and distance" policies

- reinsurance policies that allow Lloyd's syndicates to manage their reserves against so-called long-tail claims more effectively. Long-tail claims emerge many years after the inception of policies. Mr Randall is now examining other areas of syndicates' business.

Mr David Rowland, chairman of Lloyd's, said he had decided to publicise the investigation which he said ran parallel to Lloyd's own formal enquiries. "I was determined to get it into the public arena. We want to deal with this rigorously. The misdeeds of the past should be exposed."

Mr Rowland insisted that Lloyd's would go ahead with its plans to issue cash calls and draw down the deposits of Gooda Walker Names, in spite of the probe. "We have a duty to pay the claims," he said, hinting at a possible clash with Names. Some 4,500 Gooda Names are expected to pay cash calls totalling some £157m at the end of this month.

Labour outlines proposals for statutory investment watchdog

By David Owen

A LABOUR government would set up a British Securities and Exchange Commission with comprehensive supervisory and enforcement powers, a spokesman said yesterday.

Under a blueprint set out by Mr Stuart Bell, a trade and industry spokesman, the new body would swallow the much-criticised Serious Fraud Office, which would become its enforcement arm. It would take over all fraud, regulatory and supervisory work currently handled by the Department of Trade and Industry.

Mr Bell said the British SEC would be a statutory authority with powers over retail banking, building societies, insurance, corporate governance, accountancy, pension funds and the Lloyd's insurance market. Labour would also overhaul UK insolvency laws, introducing "Chapter Eleven-type" procedures to give companies in difficulties a "better chance of survival", he said.

His speech to the Oxford university business summer school appeared to open a rift over City regulation between Labour's Treasury and trade and industry teams.

Less than two months ago Mr Alistair Darling, a Labour Treasury spokesman, said he did not advocate the "importation" of a US-style SEC. "We need a solution designed for the UK," he told the Scottish region of the London stock exchange.

Anticipating criticism of Labour's suggested approach, Mr Bell argued that statutory regulation was "no more time-consuming or expensive than self regulation". The SEC in the US was self-financing and in 1991 raised 132 per cent of its operating budget in fees, he said.

Smith claims victory in battle over union links

By Ralph Atkins and David Goodhart

MR JOHN SMITH, the Labour opposition leader, yesterday claimed victory in the first round in his battle with trade unions over their links with the party by striking a deal on sweeping reform proposals.

Mr Smith expressed delight when an internal review group of union representatives and Labour MPs backed changes in line with his own thinking, on the selection of Labour candidates, the election of future leaders and on ending union "block votes" at party conferences.

The deal was a victory for Mr Smith whose confrontation with trade union bosses over the principle of "one member, one vote" (Omvo) has turned into a test of his leadership. He said a "broad consensus" had been reached.

But the initial reaction of key unions last night was not supportive and Mr Smith still faces a struggle to win approval for the proposals on selecting candidates.

The agreement will go to Labour's ruling National Executive Committee on Monday and a summer of attrition between the Labour leadership and the trade union movement is likely before the proposal reaches the party's conference in September.

After a day-long meeting, the review group's report was agreed without a vote after representatives of the GMB and TGWU unions, the most vocal opponents of Omvo, apparently decided not to try to block the plan at this stage.

The group backed Mr Smith's insistence that only full members of the Labour party should vote in the selection of parliamentary candidates. Under a so-called "levy-plus" system, Labour-supporting trade unionists would also have to pay a reduced membership fee, in addition to the political levy, to become members.

On leadership elections, the group proposed a new electoral college with trade union members, Labour MPs, and constituency members each having a third of the votes compared with the present 40-30-30 split.

In addition, votes in each section of the electoral college would be cast individually, so a constituency or trade union's votes would be allocated according to the support for each candidate, ending the winner-take-all "block vote".

The main compromise was in describing trade unionists who join the Labour party as "registered trade union members."

Britain in brief



Jobs agency highlights use of contacts

Nearly half of all job vacancies in Britain are filled through informal "word of mouth" contact, according to Mr Mike Fogden, chief executive of the Employment Service, the agency which runs government job centres.

Mr Fogden said that between 40 per cent and 45 per cent of jobs are filled by informal contacts. The agency, which he has run since 1987, accounts for about 30 per cent of placements, with the rest covered by classified advertising and private agencies.

He said that as many as 25 per cent of the workforce may have experienced unemployment between April 1990 when unemployment started rising and February this year when it fell.

Guidelines on share options

Britain's two leading shareholder bodies have issued guidance on executive share option schemes aimed at ensuring that top executives are only rewarded for performance.

The National Association of Pension Funds and the Association of British Insurers, whose members own more than half the shares of UK corporations, said the guidance is intended to let companies know the kinds of share option schemes they should approve.

John Birt defends BBC

Mr John Birt, the BBC director general, lashed a counter-attack against his critics who he described as traditionalists, opportunists, society's heck-

lers and old BBC soldiers "sniping at us with their muskets".

The riposte, which included an unprecedented attack on the past inefficiency of the BBC, came the day after Mr Mark Tully, the BBC's south Asia correspondent had attacked what he called the atmosphere of fear and sycophancy in the corporation.

The BBC had been, Mr Birt told the Radio Academy Festival in Birmingham yesterday, "an unwieldy, almost soviet-style command economy" where money was allocated from the top down to every activity. Since 1990, Mr Birt said, £180m had been saved and savings now running at around £100m a year were being ploughed into programmes.

Tower Bridge under repair



Tower Bridge, one of London's most famous landmarks, has been closed following a structural inspection which found that steel beams beneath the road surface were seriously corroded. A team of engineers is restoring the 100-year-old bridge, used by 40,000 vehicles a day, by repairing the Victorian beams to give it a further working life of at least 60 years. The work is due to be completed in September.

Tories seek spending cuts

Right-wing Conservative MPs have presented proposals for "vigorous" cuts in public spending to Mr Kenneth Clarke, the chancellor of the exchequer, and warned that income tax increases would "betray all that the party stood for".

Further cuts on public spending should take priority also over another extension of indirect taxes such as VAT, the steering committee of the 92 Group of Conservative MPs said in a report given to Mr Clarke. Its proposals included a moratorium on recruitment to the civil service and government agencies, and cuts in spending on defence.

Optimism up in Scotland

Scottish business is more optimistic than at any time since late 1990, according to the latest quarterly survey by the Fraser of Allander Institute - the economic research body at Strathclyde University in Glasgow - and six chambers of commerce.

The survey found business confidence had risen across the board and there was rising demand for personal loans. Demand had risen "significantly" in manufacturing and retailing, but it had fallen in construction and risen "moderately" in the wholesale and tourism sectors.

Strike ballot at Lloyds Bank

The banking union Bifl is balloting its 12,000 members at Lloyds Bank this week on a series of one-day strikes over pay. The union is protesting over the ending of cost-of-living increases and the introduction of performance pay. The ballot will close at the end of August.

The 22,300 members of the Lloyds Group Union have already balloted their members on the same issue - the result is expected in the next few days.



Blackpool beach: "People don't go into the sea because it is too cold, not because it is dirty"

Dirty beaches tarnish Blackpool's Golden Mile

By Brown Maddox in London and David Gardner in Brussels

BLACKPOOL'S Golden Mile resort reacted with outrage yesterday to a ruling by the European Court of Justice that its beaches do not meet environmental regulations.

Mr John Donovan, secretary of the 1,300-strong Blackpool Hotel and Guest House Association, which caters for many of the resort's 15m visitors a year, said: "People don't go into the sea because it is too cold, not because it is dirty."

The court said neighbouring Southport also fell below EC standards. Yesterday's ruling carries no financial penalty but the UK has been ordered to pay costs. There are actions pending against all EC members except Denmark for failure to meet the standards.

The 1975 EC bathing waters directive requires countries to bring water up to specified

standards within 10 years. The court rejected the UK's argument that the timetable should apply from the date when a stretch of coastline was designated a place "where people bathe in large numbers", not from the date of the directive. The UK, which originally designated only 27 beaches, now has 457 on the list. Blackpool was added in 1987.

The UK government dismissed the ruling as largely "technical". Mr Tim Yeo, environment minister, said: "The Commission has accepted we are doing everything possible to bring these bathing waters up to standard as soon as practicable." The industry is spending some £20m to ensure that "virtually all" waters will meet the directive by 1995, he said.

UK government figures show recent investment has brought "79 per cent of [UK bathing] waters within compliance in 1992 compared with 56 per cent in 1987". This still makes the

UK the second dirtiest country in the EC league table, ahead only of Germany which has 76 per cent compliance. All other countries report over 90 per cent compliance.

North West Water, the water and sewerage company which supplies Blackpool, said "planning wrangles" had delayed modernisation. "Everybody wants the beaches cleaned up but not everybody wants treatment works on the doorstep," it said.

At present, sewage from the 250,000 residents in Blackpool and nearby Fleetwood is filtered to extract only the bulkiest waste, before being discharged into the sea through pipes between a quarter and a half mile long.

The investment will put in 12 miles of tunnels to bring sewage to new bacteriological treatment plants which will break down the waste, before piping it out through new three-mile long outfalls.

UK faces obstacles to competition

By Tony Jackson

A LACK of human resources and training are the chief obstacles to UK industrial competitiveness, a government study has found.

Government officials told MPs yesterday that the main difference between the UK and its overseas competitors lies at the craft and technician level, while management quality is also variable.

The report says that productivity in manufacturing still lags behind Japan, France and Germany by 25 per cent. But the gap has closed from between 40 per cent and 45 per cent at the end of the 1970s.

Mr Robert Dobbie, head of the newly formed competitiveness division at the Department of Trade and Industry, told a House of Commons select committee that the gap was largely due to the use of human resources rather than lack of investment. "In the past 10 years, investment as a proportion of value added has been considerably higher in the UK than in the US", he said. "In Germany it has been similar to the UK. But UK productivity has been lower."

The UK's lower spending on research and development was a source of concern, he said. Innovation depended not only on R&D, but on the successful exploitation of new ideas.

The report, submitted by the DTI as evidence to the Commons Trade and Industry committee on UK manufacturing competitiveness, relates to a study submitted to ministers earlier this year.

Press reports at the time alleged it had been suppressed as too damning about UK industry. This was yesterday denied by officials, who said the new version contained the same data and omitted only confidential advice to ministers.

Mr Tim Sainsbury, industry minister, said the report showed that while by British industry had caught up significantly in the past 15 years, there were still gaps, "in the training of technicians and

craftsmen, the results are perhaps worse than we expected", he said.

Mr Dobbie told MPs British management was also variable in quality. The best were of world class, but there were many poorer performers.

He denied MPs' suggestions that UK manufacturers were at a disadvantage on fiscal grounds. "The fiscal regime in the UK is relatively favourable towards industry", he said.

He also denied that UK companies were handicapped by shareholder pressure for large dividend payments. "The evidence is that in general, UK companies do not get into difficulties by paying too large dividends", he said.

TECHNOLOGY

Just the ticket for Spielberg

The thunder of dinosaur feet in Jurassic Park is likely only to be beaten this weekend by the thunder of movie-goers' feet as they stampede to cinemas to see Steven Spielberg's latest blockbuster movie, which is previewed in the UK this evening.

Those who prefer to turn their backs on this somewhat prehistoric method of getting a seat can use technology to ensure a place at the front of the queue. MGM Cinemas is using a fully automatic ticket booking service for customers in 34 cinemas in the London and Brighton area, including the Trocadero in London's cinema land in the west end. A telephone call will enable customers with credit cards to book a seat at their first choice cinema or at a nearby venue if that is not available.

And, assures Keith Pullinger, assistant to the general manager at MGM, there will be enough lines to ensure that every caller gets through. "I defy anyone to get their phones answered as quickly as we can."

The numbers to be called will be advertised in the local press - each of the 34 cinemas has been allocated a different number. Callers hear a recorded announcement asking questions about the film, day and time. By pressing the number indicated after the time or film the preference is registered. The most popular film is always listed first, says Pullinger. "Seventy-five per cent of bookings now are for Jurassic Park."

Once the details, including the credit card number, are determined, the main computer, which is operated by Computicket, sends them to the cinema requested using the Paknet radio data network. Confirmation is then sent back to the computer centre and the tickets printed out in the cinema for collection. If the caller does not have a modern tone telephone, the system will switch the caller to a human operator.

According to Pullinger the Computicket service is unique in offering both a manual and automatic booking service.

Della Bradshaw

Andrew Baxter on a breakthrough in rapid prototyping

Making it quickly in metal

On the table in front of Richard Fedchenko is a small propeller blade made of cured polymer. It is a typical product of rapid prototyping - the process that manufacturers have been using for the past five years to help speed up their product development.

Next to it is the same blade cast in metal. It might normally have taken months to produce, but is also a product of rapid prototyping.

Fedchenko is a senior executive at 3D Systems, the California-based company which dominates the rapid prototyping industry. Last month, 3D launched QuickCast, a new rapid prototyping and tooling technology that claims to reduce the lead time on metal castings by 80 per cent.

The launch is a big event for 3D and "a quantum leap" for rapid prototyping, says Fedchenko. As such, it could have important business implications for rapid prototyping as a contributor to concurrent engineering, the umbrella term for using teamwork and technology to get products onto the market

quicker and to increase competitiveness.

Rapid prototyping is already being used by hundreds of companies worldwide, including British Aerospace and Mercedes-Benz. It takes any three-dimensional computer-aided design (Cad) file of a part, converts it into hundreds of layers and builds the prototype from that.

3D uses a system that traces each layer by directing a laser-generated ultraviolet light on to the surface of a vat of liquid polymer resin.

Rival companies have different solutions such as "instant slice curing" from the Israeli-US supplier Cubital, and laminated object manufacturing from Helisys in California. Several other companies, mainly US, are working on their own approaches.

The process has already proved its worth, says Fedchenko. Weeks have been saved producing prototypes that can be discussed, looked at and handled by the product development team. The prototype can also be used as a strategic marketing tool. Logitech, the computer

mouse producer, used rapid prototyping to produce a mouse in 10 days for a meeting with IBM, he says.

But, while manufacturing industry has shown a lot of interest in rapid prototyping, some potential users have been waiting until it is possible to produce a metal part by rapid prototyping. Once a cast metal part is produced, it can be subjected to stress analysis, wind tunnel testing and other tests necessary before production - none of which can be carried out on a polymer prototype.

This has become something of a holy grail for the rapid prototyping industry, because the current method of casting a metal prototype can take several months. It involves machining hard tooling from metal to produce wax patterns, which can then be cast using the traditional "lost wax" process.

Unfortunately this investment casting process - "investing" the pattern in a slurry, heating to produce a ceramic mould and burn off the wax, then pouring molten metal into the mould - does not work



Breaking the mould: metal prototypes can now be produced in a fraction of the time

with 3D's normal polymer prototypes. They expand with the heat, cracking the mould.

Fedchenko says 3D has now solved the problem. Its QuickCast process produces a part with a complex internal triangular gridwork, which allows the part to collapse into itself during heating, leaving the mould undamaged.

The gridwork reduces the weight of the prototype by two-thirds, leaving a much smaller residue of ash which can be sucked out of the mould with compressed air. A new type of epoxy resin, developed by 3D and Ciba-Geigy, has replaced the acrylic resin used previously. This has increased accuracy by 100 per cent, says Fedchenko, and produced a much smoother finish that does not need to be sanded and polished.

The result is a very accurate metal prototype which can be pro-

duced some three to four weeks after a Cad design is completed, compared with an average of 18-20 weeks using wax patterns.

On more complicated parts, significant sums of money can be saved as well as time.

At last month's World Conference on Investment Casting in London, 3D was exhibiting an aero-engine front frame prototype made by a division of Allied-Signal, which saved \$100,000 (\$87,000) and 44 weeks using QuickCast. Other rapid prototyping companies are working on producing metal parts, but 3D's advantage is its installed base of some 350 prototyping machines worldwide. The fastest 3D machines with the biggest vats could cost as much as \$400,000 in the UK, and 3D is offering QuickCast as an \$8,000 software add-on, excluding the cost of the new resin.

But, says Fedchenko, rapid prototyping is not in itself a sufficient justification for investing in rapid prototyping. "You have to have a compelling need. The message is: does it give you a competitive advantage by getting you to market quicker?"

Fedchenko believes the world rapid prototyping market could double over the next two years from \$45m-\$50m because of QuickCast. 3D is targeting foundries, traditional tool and die shops and rapid prototyping service bureaux and manufacturing industry from aerospace to medical implant producers.

And the next stage? 3D is working on adapting its technology to produce the dies used in injection moulding machines. Further development is required, says Fedchenko, but "rapid manufacturing" is on the horizon.

Britain's rural areas increased their high-technology employment during the 1980s at the expense of urban centres, according to a study which pours cold water on notions that high-tech industries in the UK have the potential to become big employers.

The report by Bernard Fingleton of the Department of Land Economy at Cambridge University underlines how cities often provide an unsuitable environment for modern manufacturing. This is partly on the basis that many companies in this activity employ large numbers of highly paid workers in scientific disciplines who prefer living in the countryside.

Another factor is that high-tech companies - in sectors including pharmaceuticals, aerospace, electronics, optical technology and high-value plastics - often require specialised, low-cost manufacturing and research buildings which may be hard to find in urban areas.

High-tech as a country pursuit

The report says that only three, predominantly rural, UK regions increased job numbers in high-tech fields in the 1984-89 period. The areas are Wales, Yorkshire and Humberside and south-west England.

Other regions, including the conurbations of Greater London and West Midlands, saw large falls in employment in technology-based industries.

Between 1984 and 1989, numbers employed in this field fell by a greater amount than in manufacturing as a whole, while total employment, including services, rose due to the general economic expansion of that period.

High-tech industries in the UK excluding Northern Ireland employed 782,000 people in 1989, 5.3 per cent down on the 826,000 five years earlier. Over the same period, the numbers in all types

of manufacturing fell by 3.9 per cent, to 5.2m from 5.4m. During the five years, UK employment, generally, rose by 6.9 per cent.

Behind the fall in high-tech employment is thought to be the large increases in productivity in these industries during the 1980s. Other factors were severe international competition and poor innovation in Britain. These aspects may limit the degree to which high-tech industry can expand in the UK in the 1990s.

Specific factors pushing down high-tech employment in London and the south-east may have included the economic overhauling of the late 1980s. This increased labour costs and rents at a particularly high rate in southern England, forcing expanding companies to move to other parts of Britain.

Wales was a beneficiary of this

process, the study says. Efforts, especially by the Welsh Development Agency, to attract high-tech companies helped to increase employment in this field nearly 50 per cent over the period, to just over 42,000 people.

During the 1980s, other mainly rural parts of Britain increased high-tech employment, partly because of the attractions to many small companies of working in the countryside.

Yorkshire and Humberside increased high-tech employment 24 per cent while the comparable figure for the south-west was 4 per cent.

Greater London and West Midlands suffered a fall in the number of high-tech jobs of 31.1 per cent and 15.7 per cent respectively.

In spite of a 6.3 per cent fall in employment in high-tech during

the period in south-east England (not including Greater London) this region by the end of the 1980s continued to account for easily the greatest proportion of workers in this field.

High-tech employees in the south-east compared with the overall technology workforce stayed constant at about 28 per cent during the period.

The south-east has for many years had a high proportion of high-tech employees in its total workforce, partly because of the presence of big research centres in areas such as drugs, aerospace and electronics.

Ominously, the study says it is difficult to envisage employment in high-tech industries expanding much in the 1990s. In 1989, this accounted for only 3.5 per cent of all UK employees and 15 per cent of manufacturing jobs.

UK high-technology employment

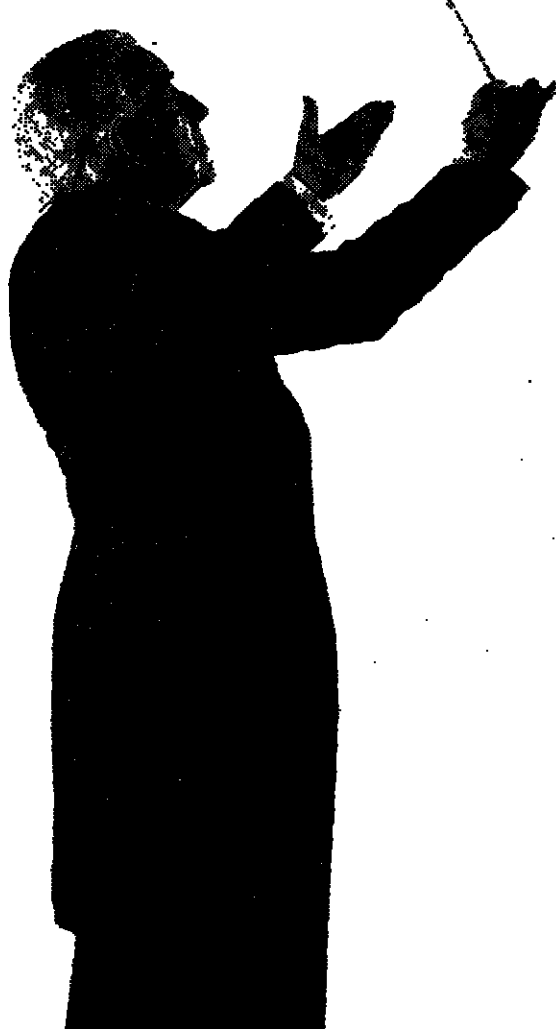
Region	1984	1989	% change
South East (excl. G London)	236,583	221,650	-6.3
Greater London	95,869	66,130	-31.1
E Anglia	21,338	19,787	-7.3
South West	79,058	89,380	+13.1
W Midlands	71,256	60,989	-15.7
E Midlands	58,918	57,543	-2.5
York & Humberside	28,356	36,494	+28.0
North West	101,161	88,721	-12.3
North	49,919	37,711	-24.5
Wales	27,974	41,277	+47.6
Scotland	63,488	60,317	-5.0
Total	826,000	782,000	-5.3

Source: Department of Land Economy, Cambridge

'The location of high-technology manufacturing in Great Britain: Changes in the late 1980s'
Bernard Fingleton,
Department of Land Economy,
Cambridge University, 19 Silver
Street, Cambridge
CB3 9EP.

Peter Marsh

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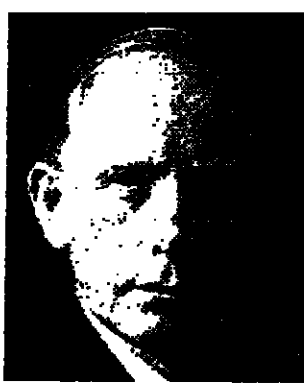
PEOPLE

Davies takes on another chair

Michael Davies, deputy chairman of TI and a director of British Airways, is taking over as non-executive chairman of Simon Engineering. Sir Philip Foreman, who has turned 70, had been serving as interim chairman for the past three months following the sudden death of the previous chairman Roy Roberts. He stays on as deputy chairman.

Simon has been hard hit by the recession. At the annual meeting in May, Sir Philip forecast a loss for the first half of this year and revealed the company would then be in breach of one of its banking covenants, which knocked 25 per cent off the value of the shares in a day.

Davies, who would not be



executive Brian Kemp, who joined in 1988.

Davies, 59, admits he has recently been spending a good deal of his time at BA, where all the non-executive directors have been drawn in to the wranglings over the Virgin "dirty tricks" affair. But he is adamant that he has time for another post in addition to the four other chairmanships, including that of Calor, which he maintains on top of the BA and TI commitments. "I enjoy business," he says, adding only that "over time I do change my portfolio". Those changes are, however, not likely to include BA in the near future, as this week he was re-elected to the board, on which he has sat since 1983.

Departures

■ Sir Richard Trant has retired from the board of HUNTING but remains chairman of the defence division.

■ John Parsons, chief

executive of Darchem, has left the company following the disposal of its UK contracting division by WILLIAM BAIRD.

■ Peter Wright has resigned from SERIF.

■ Michael Fort, formerly md of Pronuptia Youngs, has

resigned from CUPID.

■ Adrian Gregory, deputy chairman, has retired from WILLIS CORROON GROUP.

■ David Gore has resigned from TRITON EUROPE.

■ Alan Robertson is retiring from NCR.

Robin Leigh-Pemberton, who stepped down as governor of the Bank of England at the end of last month, has picked up his first outside directorship and a new title.

The former governor, who was given a life peerage in the Queen's birthday honours list, took the title Lord Kingsdown yesterday and was also appointed a director of the Basle-based Bank for International Settlements, the central bankers' bank.

The appointment was less surprising than the title. The governor of the Bank of England always sits on the BIS board and the tradition is that the ex-governor is the second British director. Until yesterday Lord Richardson of Dunblow, head of the Bank of England between 1973 and 1983, had been the second British director on the BIS board.

The choice of title was less straightforward. The ex-governor has strong ties with Kent. He has been Lord Lieutenant since 1982. However, although his home is in Kent (right), he does not live in either of the county's two Kingsdowns. Instead he has taken the title of a great, great grandfather, Thomas Pemberton, a successful lawyer who was made a peer by Queen Victoria, but died childless.



■ Andrew Mitchell, company secretary of Stakis, has been appointed company secretary of SCOTTISHPOWER following the early retirement of Graham Watt.

■ Jeremy Poole has been appointed the first director of AAR PHARMACEUTICALS Hospital Service; he moves from Fisons pharmaceutical division.

■ Peter Robson, md of Bonar Cooke Cartons, has been appointed md of LOW & BONAR's enlarged carton division following the acquisition of CMB Cartons.

■ John Anderson, formerly senior vice president of Life Sciences Inc, has been appointed president and md of COSTAIN Life Sciences.

■ Michael Lee, chief executive of Airtours International, is appointed to the main AIRTOURS board.

■ Alan Palmer (above left), marketing director of Trebor Bassett, has been appointed marketing director of CADDURY. He succeeds John Taylor who is appointed md of Trebor Bassett and is succeeded by Bruce Burnett, who is promoted from general market manager.

■ Colin Ingram (above right), formerly chief engineer on the Renault/DAF vans project, has been appointed md of PERKINS Technology; he began his career as a graduate trainee with Perkins.

■ John Ackroyd has been appointed md of SUTER Equipment.

■ Simon Gifford, group investments director, has been appointed company secretary of TATE & LYLE in succession to Nicholas Nightingale.

■ Bob Armstrong, personnel director for NORTH WEST WATER, has been appointed to the new position of customer services director.

■ Klaus Hemmann, md of KWO Kabel in Berlin, has been appointed to the board of BICC CABLES.

■ Tony Carey, chief executive of St George, has been appointed to the parent board of the BERKELEY GROUP.

■ Brian Jolly, md of Capital & Counties, has been appointed to the parent board of TRANSATLANTIC HOLDINGS.

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Handwritten text in Arabic script: "مكة المكرمة"

Opera/Max Loppert

Onegin proves a musical masterpiece

The Royal Opera's new Tchaikovsky production affords, in purely musical terms, one of the most distinguished performances to be mounted in the house in many a season. When given by ragbag assortments of singers from here, there and everywhere, the so-called original language while surtitles flash away above their heads, International Opera can be a dismal, unworthy business. When given as here - by a carefully chosen cast of principals uttering a language either native to them or communicatively "lived", and a conductor intuitively alert to every strand of musical drama - it can seem the noblest of artistic pursuits, worth battling for even in the hardest of hard times.

This is an *Onegin* musically structured to make fully-weighted sense of the work in a theatre that is, strictly speaking, several sizes too large. (Tchaikovsky had the Moscow Conservatory.) The bigger the house, the greater the danger of coarsening and blunting the delicate detail of this most intimately affecting of operatic tragedies.

(Tchaikovsky purposely underlined its divergences from the forms and manners of Grand Opera by substituting the work "Lyric Scenes".) The conductor of the new production is Valery Gergiev, fiery young chief of the Kirov Opera. He is making his Covent Garden debut, and perhaps has still to find his ease there: on Tuesday the early scenes betrayed passing imbalances in the choral ensemble. In essence, however, Gergiev's *Onegin* is already one of the most impassioned, vivid and spontaneously emotional we have heard: it is properly scaled for Covent Garden yet not overbearing, grand with no loss of orchestral and vocal immediacy. The sound is always beautiful, animated (as it were) from within, shaped along the dramatic lines

with a keenness of perception that marries instinct and iron command. Gergiev takes chances. The domestic, countryfied atmosphere of the opening scene, with daughters duetting in the distance and mistress and maid reminiscing in the foreground, is risked by the slow tempo; likewise M. Triquet's birthday song, and the moment of relief it provides amid the gathering tensions of the Latin ball. Accentuation of dance-rhythms is not at all metrically mechanical; indeed, the conductor's rubato elasticities may surprise the unwary. But even while I wondered at or where I questioned the interpretative ideas, I felt the opera's dramatic vitality surging into the theatre. This is opera-conducting of rare quality. Sergey Lefterkus (Onegin), Galina Gor-

chakova (Tatyana) and the Armenian Gegan Grigorian (Lansky) are members or associates of Gergiev's Kirov ensemble. The sense of singers supported from the pit, not merely accompanied, is another of the performance's special virtues. The baritone, a house favourite, is at his peak of eloquent, fine-grained artistry. Every inflection tells. A non-Russian speaker gains the illusion of understanding every word as it leaves his lips. He never loses the air of breeding that is Onegin's distinguishing mark; even in disintegration he avoids melodramatic overstatement. The soprano, who burst upon London audiences with tidal-wave force in *The Merry Widow*, at the Proms and at Covent Garden, is possibly the most opulent, lustroously full-toned Tatyana in living

memory: again, truly Covent Garden-sized without being oversized. She does not always shape the lines or make them perfectly smooth; though physically plausible, she is a sympathetic rather than an original, inventive actress. What she offers is a restrained, ravishing account of the role, and in context wonderfully appropriate.

Grigorian, a small, rotund Lansky with a vibrant, technically free tenor and a heart-breaking openness of emotional expression, is all feeling - the overabundance of happiness in the Act 1 aria, beautifully caught in the timbre and phrasing (and sustained in the conducting), sends out subtle, alarming warning signals. It is satisfying to see and hear Louise Winter (a delightfully spirited

Olga), Sarah Walker (Filipjevna) and Gillian Knight (Mme Larin) keeping pace with such idiomatic artistry; and as Gergiev it is peculiarly moving to see and hear again Nicolai Ghiaurov, no longer a basso cantante in full flood but a 63-year-old veteran wise, colourful and full of tender vocal touches.

A triumphant Royal Opera *Onegin* all round? No: the production - by John Cox in Timothy O'Brien's designs - is plain to the eye, cautiously tactful, blandly second-rate. No big mistakes are made (which, when one considers how easy it is to go wrong in this opera - cf. Howard Davies's recent, mistake-riddled *Onegin* staging for Welsh National - is a merciful relief). Nothing gets in the way of the music. For many ROH patrons this may be sufficient. With this conductor and cast, it deserves to be. But the replacement of the old Julia Trevelyan Oman sets and costumes seems unjustified.

Royal Opera House: in repertory until July 24; production sponsored by The Drogheda Circle.

London Theatre

Youth and reverence

Like babies to the font, the three severely disabled youths were carried reverentially to the front of the stage and laid on cushions. They were dressed in kimonos and greeted with oriental music. Their attendants waited Japanese fans over them; the youths stared wide eyed with joy. One screamed his pleasure. There was nothing patronising about the tableau: it was one of the most moving examples of reverence for life observed on a stage.

And this was no prefabricated platform in a community arts centre. This was the Olivier at the National Theatre in London. The participants came from the Harlow College Community Arts group which involves more than 30 under-19-year-olds, ranging from the able bodied to the most afflicted. They were presenting *Tower of Dreams*, which through music, movement, and spectacle, makes the case for the disabled to be allowed on to the raft of life, represented as a fairground carousel.

It was part of the 1993 Lloyds Bank Theatre Challenge, the last such Challenge. After five years and £1.2m, this investment in youth theatre has

ended. However, the National is already planning another programme involving youth and is seeking a sponsor.

A great attraction of the Challenge is that the 10 groups which this year caught the judge's eye from over 250 entries get the chance to strut for an hour on the UK's most prestigious stage. The three-night festival lets an audience see not so much new acting talent as the issues that excite youth. Rather than take a received text, most of the contributions this year were devised within the companies.

It is an inspiring experience and one which dispels doubts about the importance of theatre in education. Of course there is an abundance of youthful workmanship and idealism on display, but also a great deal of fun. The level of acting assurance is amazing, almost frighteningly so. At the opening night on Tuesday the Harlow spectacle contrasted with the contributions of Redbridge College Performance Art Group and Burnley Youth Theatre which were both built around issues. There is something galvanising about plays involving teenagers which are devised and performed by teenagers: the language is so much

more credible than the second-hand observations of older "realist" playwrights.

Both works were loosely structured, with ideas running way beyond anything so obvious as a plot, and they were inevitably a bit didactic. But from Burnley, along with frighteningly confident performances, there was wit and good nature and the ability to take a serious issue, contrapuntal, light heartedly. There was even room for romance, even if it did lead to divorce.

Redbridge was an ensemble work, using mime and music to put over the dispiriting message that men are bastards. Perhaps the girls do not really believe it; perhaps they have been watching too much television. But it was enthusiastically performed and had the saddest of endings. Sandy Toksvig, the evening's presenter, announced that this would be Redbridge's last performance. It was the victim of local authority spending cuts, an unwelcome reminder of cruel and blinkered reality on an uplifting evening.

There are three more plays tonight. Try and get a scarce ticket.

Antony Thornecroft

Angst in America

At first sight, *Marvin's Room* offers little to laugh at. It is a drama about leukemia, written by Scott McPherson, who died of AIDS at 33 last year. But this fine American play, now at the Hampstead Theatre, can be, extremely funny. It also enhances the Theatre's growing expertise in north American drama.

It tells the story of Bessie, a middle-aged Floridian pushed to the side of her own life by her father's stroke and her aunt's general malaise. Then Bessie discovers she has leukemia; her estranged sister Lee is summoned from Ohio, with her sons Hank (an institutionalised psychotic) and Charlie (an intractable nerd), in hopes of a bone marrow transplant. At this point, the play is poised to become a 1990s chromosome comedy. But the play's outcome is dislocated and truncated, a botched autopsy. In the end, none of Bessie's family can donate bone marrow. Marvin, Bessie's father, continues to twitch in the room at the back of the

stage, and the greatest wisdom the play can offer, in its final lines, is "There's nothing to be afraid of."

The early Florida medical scenes are, however, a treat: "I am going to give you a local anaesthetic, and I am going to remove some bone marrow from your hip... There may be a crunching sound, but it sounds worse than it is, OK?" coos Dr Wally.

Bessie has a seizure during the family trip to Disney World. She comes round in the Lost Children Hut on a "baby bear" bed, where she finds a moment of rare sororal intimacy, and also connects with Hank for the first time. David Petrarca's direction, wonderfully punctuated by Rob Milburn's pastiche musical arrangements (played by Cafe Noire), addresses the fact that McPherson's scenes never complete themselves. They border on the truth, never reaching it. Intimacies are shared through things, a soda, a photograph, or Lee offering to style her sister's wig. Allison Steadman plays Bessie superbly as a model of misapplied devotion opposite the excellent Phyllis Logan as her hard-as-nails sister Lee. They have a fine, contrasting rapport, with Steadman slightly frumpy and Logan slightly tart but never resorting to stereotypes. Carmel McSharry as the aunt dosing up on multivitamins and daytime soaps manages to assemble a character out of the traits written for her. Ian Gelder as Dr Wally is developing his accomplished playing of Americans, and is a joy to watch.

The play has an unsettling effect, somewhere losing control of itself and heading into chaos. Its message is a muted version of the 1980s clarion call "You are where you are because you want to be there."

As Bessie learns the hopelessness of her own illness, she backs into her father's room to die with him. Neither has much choice.

Hampstead Theatre, Swiss Cottage, NW3 (071 722 8301).

Andrew St George

Here it is and was it worth the wait? When you tell someone you have seen *Jurassic Park*, back files the mach-2 question: "What's it like?" This never means what it should mean - "What does it resemble?" - but "Is it good/bad?" "Is it bad/will it scare the screaming daylight out of us?"

Let us take the question at first value. *Jurassic Park* is like *Jaws* meets *Westworld*. (Steven Spielberg, its director, made the first and Michael Crichton, its writer, wrote and directed the second.) It is like a nightmare day out at the Natural History Museum. And it is like a Hollywood story conference where savage, primeval pitches rend the air.

Let's have the paleontologist hero and the two kids climb the electrified fence! "Let's have the heroine feel a comforting arm on her shoulder and then discover it's only an arm!" "Let's have the velociraptors run amok in the Vis-

JURASSIC PARK (PG)
Steven Spielberg

BARAKA (PG)
Ron Fricke

CHILDREN OF NATURE
Fridrik Thor Fridriksson

tors Centre kitchen!" "Let's have Sir Richard Attenborough play the park's founder with a limp, a Scottish accent and a cherubic smile." (Result: Sir Richard resembles Ronnie Corbett gone AWOL in an H.G. Wells novel).

Yes, but you still want to know: "What is it like?" Well, it is good, it is bad, and occasionally it scares the daylight out of us. What is good is the hi-tech presumption of the film. Crichton's novel was a spine-chiller-satire about an ultimate act of hubris. A theme park packed with prehistoric fauna, recreated through a far-fetched (but not that far-fetched) union of DIY and DNA, mutates against its masters. Drawn to the theme of techno-impudence, Steven Spielberg makes a movie that is all techno-impudence. *Jurassic Park* spreads its banquet of gawgaws, gizmos and breakthrough graphics before us, condemning previous dinosaur films to cinematic prehistory.

Computer imaging and state-of-art motion picture ensure that when *Tyrannosaurus Rex* grows into frame to terrify Dr Sam Neill and the two children



Jaws, and more: the monsters in *Jurassic Park* are the real stars

he is escorting on an ill-fated preview tour of the park, the said T. Rex is a glistening, roaring, tail-thrashing mother of all monsters with no hint of stop-motion jerk.

In fact no signs anywhere of the old clockwork epilepsy we knew and half-loved in *Gorgo* and *Godzilla*. Not in the "rap-taps" and "guanadons"; nor in the gentle triceratops tended by "palaeo-botanist" Laura Dern; nor in the puff-necked "spitter" that disposes of the villainous Dennis (Wayne Knight), a park boffin who runs straight into death while smuggling stolen embryos to a waiting boat.

But if the monsters have evolved beyond stop-motion, the human characters are a different story. Stereotypes made to fit a game-plan, they stand about striking prescribed attitudes and between shots make small adjustments of posture to present a fresh facet of the same cliché. The paleontologist must spout sandblown wisdom. The Chaos Theory scientist (Jeff Goldblum with Chaos Theory hair and scat speech-patterns) must bubble about things unravelling. And the lady botanist must rail against sexist notions of female weakness one moment, scream like Fay Wray the next.

In *Jaws* Spielberg painted an

entire, convincing New England community behind and around the foreground monster. And in *Close Encounters of the Third Kind* he gave a messianic madness to the hero's love affair with the cosmic-impossible. But in *Jurassic Park* the characters are prisoners of a theme park just like the dinosaurs. Only their theme park is called Hollywood and their inventor-orchestrator is the box-office. Lowest-denominator thinking means that each character represents a big, bland constituency for audience identification, from the all-purpose egghead sceptic (Goldblum) to the all-purpose damsel in distress mildly fussed by feminism (Dern).

Only the actor saddled with the largest burden of clichés, Sir B. Attenborough, almost succeeds in throwing them off. Ever since he vanished behind a movie camera, fans of Sir Dickie the actor have been crying for him to come forth again. He is marvellous in *Jurassic Park*. Hammond, the park's founder, could have been a melodramatic cipher: a science-tampering scoundrel out of Fritz Lang by *Dr No*. But Attenborough gives him a foolish charm, a sing-song passion, even a wistful pain. (Listen to the pure emotion he finds in a

tinselly speech about his flea-circus past).

Elsewhere, the flimsiness of the people undoes even the ferocity of the beasts. And Spielberg - the Spielberg of *ET* rather than *Jaws* - is not above making the monsters coddly when there is a pause in the ravening. For cuddification comes with the territory: all those covetable tie-in models, toys, games, T-shirts, gum-wrappers...

A Chaos Theory terror movie may be the promise, but in *Jurassic Park* cosiness is always just around the corner. As a lexicographer friend pointed out, what you really get when you extract DNA from dinosaurs is the word "souris". *Jurassic Park* is a mouse with pretensions. But such is the power of hype that no one will notice until only \$100m to go - it has become the highest-earning film ever made.

Nigel Andrews

Baraka is a film based upon the problematical notion that cinematic silence equals importance. Subtitled "A World Beyond Words," Ron Fricke's film is a 90-minute non-verbal collage of imagery that attempts to show the intercon-

nectedness of life on the planet. Starting with a snow monkey dozing off in a hot spring, Fricke's film quickly goes cosmic, presenting the viewer with a dizzying array of visual takes of smoldering volcanoes, surging city crowds, traditional religious ceremonies and clouds pouring over Himalayan mountains.

Occasionally, this method provides memorable sequences, such as the montage comparing assembly line work throughout the world that ends with the truly unsettling sight of live chicks tumbling down a stainless steel shoot on the way to becoming inmates at the egg factory. And when Fricke's 70mm camera zooms in on small details - an Aboriginal man using a plastic comb to paint his face, for instance - he comes close to making his point. But the film eventually collapses under its own portentousness, particularly during a trip to Auschwitz. At times beautiful and arresting, *Baraka* is ultimately little more than a stylised exercise in global channel-hopping.

One of the few countries Fricke does not visit is Iceland. Given the starkly beautiful landscape of that country on view in *Children of Nature*, you cannot help but feel he has missed something. Fridrik Thor Fridriksson's heartfelt second film details the last days of an elderly widower (Gísli Halldórsson) who abandons his farm for Reykjavik, only to have his daughter pack him off to an old folk's home. There, he meets a childhood sweetheart (Sigridur Hagallin), a proud and beautiful septuagenarian who wants to visit her birthplace on the island's desolate eastern region before dying. Their romance rekindles and, equipped with a stolen jeep, they set off across Iceland, followed by the police.

Writer/director Fridriksson has fashioned a subtle, sometimes moving film about people who will not go gently into the Arctic night. Lovingly photographed and well acted, *Children of Nature* avoids casting the elderly as cutesy curmudgeons. However, Fridriksson fails to strike a consistent emotional tone, moving too abruptly from unrelieved gloom to fantastical whimsy. And the film's subtitles are replete with enough misspellings to keep the eye from fully enjoying those bleakly beautiful Icelandic vistas.

Stephen Amidon

INTERNATIONAL ARTS GUIDE

BATIGNANO

Adam Pollock's intimate, outdoor opera festival, *Musica Nel Chiostro*, opens on July 22 with the first of three performances of *La Dilettante* d'Amore by Antonio Cesti (1667), followed in early August by six performances of Bernstein's *Candide*. Ends Aug 15 (0564-380896)

BREGENZ

The opera festival on the Austrian corner of Lake Constance to solidify its connection with front-rank British producers. Jonathan Miller's new staging of *Fedora* opens this year's festival next Tues, with Mara Zampieri in the title role. David Pountney produces *Nabucco* on the floating stage. Ends Aug 22 (05574-4920 224)

DROTTNINGHOLM

Elisabeth Söderström, much-loved Swedish soprano, has taken over as artistic director of the world's most important 18th century theatre still in action. This year's operas

include *Una cosa rara* by Mozart's Spanish contemporary Vicente Martin Y Soler (conducted by Nicholas McGegan) and Grétry's beautiful *Zémire et Azore* (staged by John Cox). Ends Sep 4 (08-660 8225)

EDINBURGH

This year's festival (Aug 15-Sep 4) includes performances of Janacek's first opera *Sarka* and three Verdi operas (*Oberto*, *I Due Foscari*, *Falstaff*), an exhaustive survey of the work of young Scottish composer James MacMillan, and several Schubert recitals. The drama programme includes Peter Stein's 1992 Salzburg Festival production of Shakespeare's *Julius Caesar*, a modern Aeschylus production by Peter Sellers, and the Bob Wilson/Gertrude Stein theatre piece *Dr Faustus Lights the Lights*. The dance programme is limited to Mark Morris' troupe and the Bill T. Jones troupe. Official Festival: telephone bookings 031-225 5756.

KUHMO

To this tiny Finnish town below the Arctic Circle and just west of the Russian border, distinguished and newly-acclaimed European and American ensembles and soloists come to provide up to five concerts daily, besides giving masterclasses. What makes the festival continually exciting is that so much of it consists of fine performers who have just had a few days to rehearse together. Chances are taken, spur-of-the-moment insights flashed. The atmosphere, amid all the lakes and pines, is blessedly

informal. This year (July 16-Aug 1) several leading British musicians figure, and there are song recitals, Japanese concerts, the Maly Ballet and some chamber opera (086-520836)

LUCERNE

This year's programme, opening on Aug 14, focuses on anniversary celebrations of Tchaikovsky and Rachmaninov, with Alfred Schnittke as the festival's first-ever composer in residence. Visitors from Russia include the Bolshoy Opera Orchestra and Chorus, the St Petersburg Capella Choir and Russian National Orchestra with Mikhail Pletnev. There will be a Rachmaninov piano marathon with Barry Douglas and others, the world premiere of a new work by Edison Denisov and a Schnittke ballet programme. Visiting orchestras include the Berlin, Vienna and Oslo Philharmonics, with artists ranging from Yuri Bashmet to Abadov, Barenboim, Järvi and Sawallisch. Ends Sep 8 (041-235272)

MACERATA

The festival opens tonight with *Rigoletto*, starring Renata Bruson. This year's other productions are a *Josef Svoboda* staging of Lucia di Lammermoor with Valeria Esposito, and *La nozze di Figaro* conducted by Gustav Kuhn. Ends Aug 11 (0733-230735)

OSLO

Norwegian violinist Arve Tellefsen, founder-director of the Oslo Chamber Music Festival (Aug 8-14),

has drawn together friends and colleagues for an attractive anniversary tribute to Grieg, his contemporaries and compatriots. Artists appearing at the festival include Swedish baritone Hakan Hagegard, Jan Garbarek Jazz Quartet, Nordic Youth Orchestra, Norwegian cellist Truls Mork and pianist Tedd Joselson. Three festival concerts take place in Bergen, for which a special train has been chartered to take the audience through the scenery which was Grieg's inspiration (2255 2553)

PESARO

The Rossini opera festival opens on Aug 9 with the first of four performances of *Armida*, staged by Luca Ronconi and conducted by Daniele Gatti, with a cast led by Anna Caterina Antonacci, Ramon Vargas and Jeffrey Francis. This year's other production is a revival of the Pizzi staging of *Macbeth* starring Cecilia Gasdia. Raina Kabaivanska sings arias by Gluck, Rossini and Cherubini on Aug 18, and Maurizio Pollini gives a piano recital on Aug 21. Ends Aug 22 (0721-33184)

SALZBURG

Gerard Mortier's second festival, opening on July 23, will be less of an explosion than last year, but the programme is still bursting with good ideas. Deborah Warner stages Shakespeare's *Coriolanus* alongside a revival of Peter Stein's 1992 production of *Julius Caesar*. This year's new opera productions are *Così fan tutte* (with Cecilia Bartoli and Jennifer Larmore), Lucio Silla

(with Ann Murray and Luba Orgonasova) and Monteverdi's *Poppea* (with Sylvia McNair and Philip Langridge). Revivals include *Salome* (Bondy/Dohnanyi, with Catherine Malfitano and Bryn Terfel) and *Falstaff* (Ronconi/Solti, with José van Dam). There are concert performances of Dallapiccola's *Ulisse* and Nono's *Prometeo*. Despite the increase of contemporary music at the festival, Salzburg's luxury element continues with a parade of top-class orchestras, conductors and soloists, including the Berlin Philharmonic with Abbado, the Oslo Philharmonic with Jansons and Vienna Philharmonic under Maazel, Ozawa and Levine. Riccardo Muti's only appearances this year will be to conduct two Jessye Norman concerts on Aug 2 and 3. A notable occasion will be the farewell concert on Aug 9 of Christa Ludwig, one of the best-loved of Salzburg veterans. Ends Aug 31 (0662-844501)

SAVONLINNA

No one who visits Finland's premier summer festival can fail to be impressed by the stone castle courtyard in which it takes place. Poised on the edge of a lake, Olaf's Castle (Olavinlinna) is one of the world's outstanding outdoor locations for opera. The festival opened two weeks ago with *Macbeth*, conducted by Leif Segerstam and staged by Ralf Langbakka, with festival director Jorma Hynninen in the title role (final performances tomorrow and next Tues). *Fidelio* (tonight and Sat) is staged by August Everding and

conducted by Miguel Gomez Martinez, with a cast led by Renate Behle, Tom Krause and Matti Salminen. Lithuanian Opera and Ballet Theatre brings *Nabucco* (first night July 21) and Lucia di Lammermoor (July 22). Kaisa Hannula is soloist in Poulenc's *La voix humaine* at Savonlinna Church Centre tomorrow and Sun. Ends July 27 (057-514700)

TANGLEWOOD

For more than 50 years, the Boston Symphony Orchestra's summer home has provided a relaxed setting for concerts in the heart of the Massachusetts countryside. Tonight: recital by Beaux Arts Trio. Tomorrow: Yuri Temirkanov conducts a Russian programme, with piano soloist John Browning. Sat: Robert Spano conducts Stravinsky and Tchaikovsky, with piano soloist Peter Serkin. Sun afternoon: Seiji Ozawa conducts Dvorak and Tchaikovsky, with violin soloist Itzhak Perlman. In the following two weeks, John Eliot Gardiner conducts Beethoven and Berlioz, Sergel Lefterkus and Galina Gorchakova give a Russian song recital and Roger Norrington conducts Beethoven's *Missa Solenne*. Ends Aug 31 (Ticketmaster Boston 617-931 2000 New York City 212-3077171)

VADSTEJNA

Vadstejna's annual opera festival continues its exploration of forgotten works from the past with Stradella's *Il Trespulo tufo* (1679) and Pae's *I molinari* (1794). Till Aug 11 (Tickets 0143-19400 Information from 0143-12229)

ARTS GUIDE

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Better in the black than clean and green



Moments of candour are rare when the environment is on the business agenda. I experienced one last year when asking the manager of a large UK oil refinery what benefits he got from investing in green technology. He answered: "Absolutely none."

It made a refreshing change from the platitudes about getting ahead and doing one's bit for Mother Earth which businessmen feel compelled to utter on such occasions. But even this direct response was little help in plumbing the murky depths of business attitudes towards the environment. It is a subject rich in complexity, laced with emotion, tinged with fear - one where clear and honest thinking is notable for its scarcity.

This book is an attempt to shine some light through the murky - at least so far as European business is concerned. It is only partially successful because the light is frustratingly patchy. But it does pick out the main features, and it gives readers a reassuring sense that what they are glimpsing bears some resemblance to the truth.

The frustrating part is the anonymity given to the companies which are the subject of the book. This, the authors tell us without a trace of irony, was to allow the interviewees "to define corporate positions clearly". In itself, this tells us a lot about those positions: they are highly sensitive - and probably embarrassing as well. The book is a straight piece of research insofar as its authors, working under the aegis of the Energy and Environmental Programme of Chatham House, have collated the responses to questionnaires sent to 55 companies in France, Germany, Italy, Benelux and the UK, representing the automotive, metal processing, petrochemical, power generation and steel industries. The questionnaires asked them how important the environment was, where the pressures lay, how they dealt with them, where they saw environmental issues heading, and so on.

The questions boil down to

ENVIRONMENTAL PROFILES OF EUROPEAN BUSINESS

By Dion Vaughan and Craig Mickle

Royal Institute of International Affairs and Earthscan £15, 107pp

whether companies have any kind of policy on the environment. The chapter on the auto industry lays out what must be a fairly widespread view: "Although all companies consider the environment an important corporate priority, most clearly consider profitability more important. Analysis of the responses suggests that few companies have a strategic plan to generate additional profitability from their environmental positioning and expenditure."

In other words, they do not associate the environment with profit-making. In the steel industry, environment ranked behind profitability, health and safety, and none of the companies interviewed had a main

Many companies seem to see these issues as fads embraced by a fickle public

board director with sole responsibility for it. However, the survey did find a more advanced (if that is the right word) attitude in the chemical industry, where companies "see their role as optimising value added... to raw materials through manufacturing. Environmental management is now a very important input to this process: polluting wastes are seen as unused resources."

Here, the environment is forcing companies to make fuller use of their materials. The chemical industry and the electric utilities emerge from the study as the sectors most deeply engaged in environmental issues, probably because of the strength of outside pressures, such as the carbon tax proposal and concern about acid rain.

But for the utilities, the environment is a damage limitation exercise: the opportunities to gear up environmental

spending are few. By contrast, the auto industry ought to see the environment as a challenge to respond to rising emission standards and excise taxes to develop new vehicles. But the study comments: "What is surprising, however, is that only some automotive companies take this view. The rest react to, but do not seek to exploit or pre-empt, consumer demand for environmentally friendly products which at the moment appears somewhat artificial."

Why does business take such a reactive, even passive, stance? The respondents give a number of reasons: uncertainty about future legislation, the poor financial returns from environmental investment, and the lack of strong customer pressure. Notice, though, that these are all extraneous factors.

Might the explanation also lie in the attitude of business itself? Two components of that attitude come through clearly. One is a narrow perception of the environment as a requirement to limit harmful emissions or make safe products, rather than as a broader concept representing a scale of values. The other is a lack of conviction that many environmental issues are genuine; many companies seem to see them as fads embraced by a fickle public - and exploited by press and politicians.

These are sweeping statements, of course. They do not apply equally to all industries, and they only contribute to the way people think. But my candid oil refinery manager would recognise them straight away.

The green lobby may seize on this study as confirmation of industry's minimalist approach to the environment. But that is not the real message. The findings depict businessmen who are primarily - and rightly - concerned with making a profit within the confines of the law, but who are confused by the buffeting of environmental pressures. The authors are probably right to conclude that nothing much will change without clear-sighted legislation, and a public that is willing to pay premium prices for environmentally friendly products.

David Lascelles

The British Button Manufacturers Association was formed in 1915 when the country's clothing manufacturers were still a force to be reckoned with. Today, the association shares its headquarters with the Buckinghamshire home of its secretary, Mrs Patricia Smith.

Its membership has fallen to 14 companies, from about 160 at the end of the second world war, but it still expects to have occasional meetings with senior government officials on issues that affect European and world button markets. Hundreds of other UK trade associations, large and small, have similar aspirations.

However, Mr Michael Heseltine, trade and industry secretary, wants to restrict their access, concentrating ministerial and civil servants' time on a smaller number of "better resourced, more powerful" lead associations in each industrial sector. His aim, announced in a recent speech to the Confederation of British Industry, is to improve the quality of industrial lobbying in Whitehall and Brussels.

The principal role of trade organisations is to lobby government on legislation and likely policy changes that could affect the way in which their member companies operate. Mr Heseltine believes that fewer, larger groups would be more effective than a myriad of smaller, more narrowly focused bodies.

The prospect of losing already limited access to government dismays Mrs Smith, who is contracted by the button makers to work one morning a week - in practice, it is more - assisting with pay negotiations, dealing with correspondence, organising meetings and keeping abreast of possible legislative changes.

She says: "Recently we became concerned about European Community attempts to restrict the use of nickel, which affects button making. After much badgering we got a meeting with Department of Trade officials, but only at a very low level. We were very disappointed." The department has raised the issue in Brussels, but the proposed EC legislation remains unchanged.

By concentrating on the big picture there is a danger that issues affecting small component suppliers could be ignored, says Mrs Smith. This could have a detrimental effect on larger manufacturers which rely on small suppliers.

Ministers and government officials say they do not have

Lobbying not worth a button

Andrew Taylor looks at UK government plans to prune its contacts with trade associations

enough time to see all the organisations demanding their attention. They add it can be confusing to receive conflicting messages from trade associations in the same sector.

There are about 2,000 registered trade associations in Britain, compared with 1,200 in Germany and 1,000 in France, according to Mr Chris Henderson, a director of CBD Research, which since 1965 has published a series of British and European guides to business, trade and professional organisations.

The formation and survival of so many associations is explained partly by history: the scale and diversity of Britain's industrial base spawned large numbers of trade groupings, whose members have traditionally valued their independence and who have enjoyed the club-like atmosphere of small, focused organisations.

While industry has declined, the number of associations has remained high. In the past 25 years, since CBD Research has kept records, the number has been remarkably constant, says Mr Henderson. Associations in declining industries that have merged or disappeared have been replaced by new industry bodies formed in growth areas such as electronics, he says.

But recession in the past few years has eroded individual membership numbers and trade association income - most fees are based on a member company's turnover, payroll or capital employed.

Some smaller trade associations, faced with the loss of lobbying access as well as dwindling income, are seeking loose federations where they can share resources, while others have merged with larger, more powerful organisations in the same sector.

Mergers between smaller associations have increased as the industries they represent have shrunk or rationalised.

An example of the trend is the formation of the British Engineers' Cutting Tools Association, which represents the



combined forces of the Sheffield-based Milling, Cutter and Tool Bit Association, the Twist Drill and Reamer Association and the Screw Thread Tool Association. The new body will remain a member of the 50-year-old Federation of British Engineers' Tool Manufacturers which helps co-ordinate the industry's lobbying activities.

The Chemical Industries Association, singled out by Mr Heseltine as an "excellent example" of a "well-resourced lead association", acts as an umbrella organisation providing substantial lobbying assistance to other chemical trade associations trying to influence Whitehall and Brussels. It has an annual fee income of about £4m - only slightly less than the combined turnover of all 14 members of the British Button Manufacturers Association.

Mr John Cox, the association's director-general, says: "It is not enough just to respond to upcoming legislation. You

have to be in permanent contact with policymakers so you can influence proposals before they are made. You have to know which members of parliament, in Westminster and Strasbourg, have influence and when you can contact them. We have to employ permanent staff to cope with this work, which smaller associations would not be able to afford."

Even large employers and trade bodies are forming links: the Confederation of British Industry and the Engineering Employers' Federation are examining ways to "collaborate more closely to improve the delivery of industry's message to government".

But co-operation between groups in Britain tends to be less centralised than in Germany, for example, where specialist interest groups are more co-ordinated within central industrial organisations. These

provide a well-organised system of industrial lobbying, says Mr Henderson, as well as providing services for a range of separate product groups - in a similar fashion to the Chemical Industries Association.

The success of more centralised groups does not mean that small associations have no place in representing manufacturers' interests. "The British system tends to be more informal," says Mr Henderson. "Separate product groups in the same industry may share the same headquarters and even the same secretary, but still value their independence. This does not necessarily make them less effective."

"Associations have a lot of functions. They may help organise specific industry training, maintain links with educational bodies, assist with pay negotiations, arrange conferences and generally promote and market their industry. It would be a pity if these individual services were lost as a result of member companies moving to more broadly based organisations."

But Mr Henderson shares Mrs Smith's concern that small but important issues might slip between the cracks, damaging the interests of small industries which supply larger manufacturing interests.

It is not the first time that government has tried to rationalise its relations with industry lobbyists. The 1972 report of the Commission of Inquiry into Industrial and Commercial Representation under Lord Devlin similarly criticised duplication and confusion in trade associations competing in the same industries.

The report said: "Everybody agrees that there are too many bodies. A businessman can find himself paying out substantial sums to quite a number of different bodies without being at all clear what he gets in exchange... He can find himself attending quite a number of different meetings at which the same subjects are being discussed."

In the critical area of representation to government, it concluded: "You can have competition of services but not competition of voices."

The commission's report was quietly forgotten and nothing changed. The Department of Trade and Industry, more than 25 years later, might be more persistent.

The associations themselves appear to be moving in the right direction. It will be up to the DTI to ensure that those small but important issues do not slip through the cracks.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Time to make the water polluters pay

From Mr Chris Smith MP.

Sir, Your editorial, "The value of clean water" (July 14), concludes that the case of Ofwat, the water regulator, "demands a political response". Quite so. Ofwat's argument is based on the false premise that the costs of cleaner water must be borne by consumers. This need not be so. The government should be regulating industries and agriculture more stringently in order to reduce the amount of pollution discharged into water courses. Prevention is better - and cheaper - than cure. Instead of this, the government is deregulating.

When pollution cannot be prevented, the polluter and not the consumer should pay to remove it from water. This is a principle to which the govern-

ment pays lip-service, but fails to implement. It should do so.

The water companies will, of course, have to pay to clean up sewage out of general revenue. But even this does not necessarily mean that the consumer needs to be hit hard in the short term in the way that Ofwat predicts. The current financial regime created at the time of privatisation discourages water companies from borrowing money for long-term investment. Yet water and sewerage companies ought to find it easy to borrow for investment at reasonable rates - their business could hardly be described as high risk.

On a more symbolic level water company executives should perhaps consider whether it is wise to bleat about the cost of environmen-

tal improvements while continuing to award themselves pay increases of more than 40 per cent every year.

It is a false dichotomy to posit a choice between clean water and affordable water. We can and must have both. What is needed is a sensible, non-dogmatic approach which combines a range of options and instruments, and a demonstration of firm political will. As you imply, it is now up to the government to provide this.

Chris Smith,

shadow secretary of state for environmental protection, House of Commons, London SW1A 0AA

From Mr James Skinner.

Sir, In the debate about the price we must pay for clean water frequent reference is

made to the cost of combating pollution caused by fertilisers and pesticides. If these costs were charged to farmers, according to the "polluter pays" principle, it would be one step towards establishing the true costs of intensive as opposed to extensive farming.

Other external costs incurred by intensive farming include massive "set-aside" costs; storage and disposal of crop surpluses; unemployment benefits; soil depletion; high energy consumption etc. If these were charged to intensive farmers, the true economics of organic farming might become more apparent, and water bills might rise more gently.

James Skinner, Heron House, Chiswick Mall, London W4 2PR

BT services already taken to air

From Mr Colin Browne.

Sir, As many of your readers will have discovered for themselves, BT has offered a world-wide commercial in-flight telephone service since September 1990 ("Mercury to start in-flight phone lines", July 7).

BT's Skyphone service, operated in conjunction with our partners, Singapore Telecom and Norwegian Telecom, is used by two leading airlines - Singapore Airlines and Air China. The consortium is also in detailed discussion with other airlines.

Earlier this year, BT launched the world's first global airborne fax service, again with Singapore Airlines and Air China.

BT and France Telecom are now in the final stages of implementing a dedicated, land-based pan-European digital service called Jetphone. The service is due to start in October 1993 and has the support of a number of European airlines. The system will provide "the office in the sky", as well as on-board shopping, car and hotel reservations and in-flight entertainment.

Colin Browne, director of corporate relations, BT, 81 Newgate, London EC1A 3AJ

Private View obscures complexity of living species

From Mr Paul Muntion.

Sir, The Private View interview with Claude Martin, the new director of World Wide Fund for Nature (July 9/10), seemed to miss the point.

Dr Martin might have been asked if the Panda symbol was not now so prominent that it obscured the complexity and importance of the work that goes on under its logo. Pandas and other "cuddlies" have long been the advertising front for funding of a lot of hard-headed thought and work on the diversity of life on earth, from viruses to vertebrates, and the relationship of that diversity with the economic, ethical and

spiritual life of humans.

Each living species is more complex than any man-made machine. Very few individuals of any species are the same, and their inter-relationships so intricate as to be largely beyond human elucidation. To demand the moral justification of conserving the angonoka tortoise is as irrelevant as a Tory government asking the same question about any particular small business during a time of depression.

Given the bent of the FT, a deeper examination might have been appropriate: of Martin's view on the implications of taking funds from industrial

and economic interest groups on environmental action by industry; and upon ensuring the continued availability of biological resources to man.

These are complex and important issues and their treatment in your feature may be likened to an interview with the chairman of the stock exchange on the simplistic and outmoded basis that he oversaw a casino and that capitalism contained the seeds of its own destruction.

Paul Muntion, Ministry of the Environment, Muscat, PO Box 323 Sultanate of Oman

Government failing to convince on CrossRail

From Mr Jeremy Bayliss.

Sir, To achieve its target of attracting 30 per cent of the funding needed for CrossRail from the private sector ("Private cash sought for 30 per cent of CrossRail", July 8), the government has got to give private investors the confidence they need to commit the very large sums of funding required. The government is failing to do this at present.

The case for CrossRail is unassailable. Probably the best conceived transport project to be undertaken in such a complex city setting, it will reduce congestion, bring environmental benefits and help to guarantee London's position as the

world's leading international business centre.

The government is right to look for input from the private sector. Governments worldwide are finding that they do not have the funds required to finance all the public services and infrastructure they would like to provide. CrossRail is a prime example of a project that would benefit from the commitment, management and market experience that the private sector can bring.

If it is to win private sector backing, however, the government must now give an unequivocal commitment that the project will go ahead as soon as the legislation is

enacted. It must also set out clear guidance on the level of funding and the sharing of risk.

CrossRail will be a significant test of the feasibility of public/private sector partnership. The government must show full commitment in pushing it forward if it is to pave the way for private investment in other infrastructure projects needed for the 21st century.

Jeremy Bayliss, chairman, RICS infrastructure panel, The Royal Institution of Chartered Surveyors, 12 Great George Street, London SW1P 3AD



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Improving the World Bank

THE WORLD Bank is never going to be loved. With a portfolio of \$140bn invested in 1,800 projects and programmes, it is too powerful for that. It can hope only to be respected. But to win that respect, it must be both open and tough, open about its failures, tough on its shareholders and, most of all, itself. With its "agenda for improving development effectiveness", the bank is taking steps in the right direction.

The bank's prime aim of poverty reduction can, in the words of its president, Mr Lewis Preston, be attained only "by restoring or accelerating economic growth and by focusing on policies and programmes that specifically benefit the poor". The bank tries to turn such benign intentions into reality via its lending.

To Mr Preston's credit, he decided to find out how well the bank's lending was working. The answer, it turns out, was not very well. The proportion of operations in progress that had "major problems" had risen from 11 per cent in 1981 to 20 per cent a decade later. In agriculture, 25 per cent of projects were in difficulty. The bank's Operations Evaluations Department judged only 63 per cent of completed operations to be satisfactory in 1991, a sharp decline from the 85 per cent achieved in 1981.

This looks dreadful. So, in many ways, it is. But over-inflation must be avoided. It would be easy for the bank to improve its performance by avoiding innovative, risky or complex projects, particularly in the poorest countries. Furthermore, many failures are to be explained by adverse global developments, such as deteriorating terms of trade and high real interest rates. Also important has been the poor state of many borrowers' economies. The debt crisis inflicted serious damage, for example, though these difficulties usually reflected and, in turn, contributed to wider economic mismanagement.

Nevertheless, the bank does bear much of the blame. It is

simultaneously a financial intermediary, a dispenser of largesse and a supplier of advice. All these objectives have to be served by its lending operations. Conflicts inevitably arise. In practice, effectiveness has too often been subordinated to the desire to expand lending and remain on good terms with clients, who are also shareholders.

The bank's proposed solutions are to move the management of country portfolios to centre stage in its dialogue with borrowers; to foster "genuine partnership" with borrower agencies; to ensure the participation of the poor; to restructure ongoing operations when necessary; to simplify project design; to improve the management of operations; and to enhance the role played by operations evaluation. It also aims to redirect internal incentives towards rewarding successful progress in projects, from project approval.

This is fine, so far as it goes. But it does not go far enough. The bank cannot force governments to do what they do not want to do. Similarly, it cannot give countries honest and effective government. What the bank can do is decide whether a particular government or borrower is worthy of support. If the conditions for effective use of resources do not exist, the bank must walk away, explaining clearly both to the client and to a wider audience why it has decided to do so.

This will take courage. But it will also demand greater openness. The bank needs to see an informed public opinion as its friend. Some of the bank's critics will never be mollified. But many in both developed and developing countries want the bank to succeed in its prime goal of helping reduce poverty. They also recognise that developing countries need honest and effective government, implementing sensible policy. If the bank stands firmly for that, it will deserve respect. If it is seen to stand for that, it will receive it.

Lords' day

IN THE last century, Parliament's House of Lords was described by Bagehot as a dignified rather than an efficient part of the UK constitution. Widening the franchise had led to the triumph of the democratic Commons over the aristocratic Lords. But yesterday their lordships again found themselves at the centre of the political debate as anti-Maastricht campaigners urged them to overturn the Commons by voting for a referendum on the treaty.

Both sides in the debate assiduously courted the "backwoodsman", the hereditary lords who rarely attend debates. Last time they turned out in force was in 1988, to defeat moves to introduce an element of progressivity in the poll tax. Their pivotal role in so doing was equally controversial, because many of these wealthy but untested legislators gained hugely from the abolition of rates.

Attempts to reform the House of Lords have been fraught with difficulty, however. It may be anachronistic that the UK's upper house is largely composed of peers who have either inherited their titles or received them as beneficiaries of the prime minister's patronage. It may be absurd that this large and unwieldy body which meets more frequently than almost any other legislature in the world in

practice wields very little power. But finding cross-party agreement on how to reform the Lords has repeatedly foundered, not least because many MPs prefer a toothless second chamber that is unable to challenge the Commons' democratic credentials.

Yet a second chamber that enjoyed greater legitimacy could do much to improve the quality of Britain's governance, as a pamphlet published today by the left-leaning Institute for Public Policy Research points out. It would be better able to amend and improve bad legislation. Its authority would be strengthened in scrutinising the work of the European Community. It could vet appointments to quangos, providing checks on the exercise of ministerial patronage. And it could be given special powers to veto constitutional changes which would threaten the reform of the House of Lords.

But it can do none of these things well without the legitimacy conferred by democracy. That means elections for most or all of its members, though there is a case for some appointees to represent special interest groups such as business, religious organisations and ethnic minorities. Dignity should give way to legitimacy in the UK's upper house.

German mould

YESTERDAY'S announcement that the Bavarian state government is to sell off its 8 per cent stake in Deutsche Aerospace provides a further indication of the degree to which unification's turbulent aftermath is shaking the foundations of the German economic system. The united Germany which eventually emerges from the current recession will differ from the old west Germany in more profound respects than just population and geography.

Necessity, rather than ideology, is the primary reason for the Bavarian Land's decision. No one can doubt the urgent need to raise revenue from any source possible, both centrally and regionally, in order to close Germany's gaping government budget deficit.

But the sale - the first significant divestiture by a regional administration of a strategic industrial stake, originally taken to aid the postwar reconstruction - does mark a significant evolution. Many other state holdings, such as the vast panopoly of subsidies and holdings, may not survive the budgetary squeeze.

Nor is the state sector alone being shaken up. Three years of high interest rates and a strong D-Mark have forced German industry to think hard about ways

to cut costs and become more competitive. Companies are, as a result, looking beyond Germany's borders: to New York for capital, and to east and south Europe for cheaper labour.

Germany's social partners are, meanwhile, slowly modifying past practices which have sometimes stressed regulated uniformity over competition and flexibility. The strains in east Germany resulting from Germany's co-ordinated wage-bargaining system signal the need for change: the draft law on flexible working hours, approved by the cabinet this week, suggests it is beginning.

This is not an obituary for an economic model which, in the main, has served postwar Germany well. The structure of German industry is, and will remain, very different from the Anglo-Saxon model: secrecy remains highly prized, public companies are much less common, ownership is more concentrated, industrial cross-holdings are normal and hostile takeovers rare.

Yet change will continue at the margin. For even if the Bundesbank chooses to cut interest rates at today's council meeting - and the French authorities must surely hope it will - the pressure on industry to become more competitive can only intensify.

Moslems in turmoil: terror sheikh surges after Brooklyn mosque drama. The headline in a British Sunday newspaper articulates a widespread western view of Islamic fundamentalism and its association with terrorism. "West anxious to refuse Moslem peace force", the headline in one of yesterday's papers, emphasises just how uncomfortably that perception sits alongside the west's failure to ease the worsening plight of the Bosnian people, and the mounting frustration of Islamic leaders at being blocked from coming to the aid of their co-religionists.

The offer by seven members of the Islamic Conference Organisation to provide 17,000 troops, including 10,000 Iranians, for peacekeeping duties in Bosnia poses an acute dilemma for the west, precisely because it feeds the fear of Islamic extremism getting a foothold in Europe.

Foremost among those international leaders who endorse that interpretation is Mr Yitzhak Rabin, the prime minister of Israel. "They [the fundamentalists] are starting to build an infrastructure of terror all over the world," he told a Paris audience last week. "They will not tolerate the presence of any foreign, non-Islamic entity in the Middle East. They will fight all the moderate Arab regimes."

After the arrest in New York of eight men, accused of plotting explosions and identified instantly by police as Islamic fundamentalists, the American public was similarly left in little doubt by some of its politicians that the US was itself under threat. It is an assumption already reflected in US Middle East policy, where the containment of Iran, described by Washington as the world's foremost sponsor of terrorism, has been given top priority.

Senior officials in Washington emphasise that the US has nothing against Islamic regimes as such. The Saudi Arabian government, for example, is more fundamentalist than most. It is also authoritarian, denies any movement towards political pluralism, refuses women the right to drive cars, beheaded 66 criminals in public last year, and is spending billions of dollars on building up its military machine. The US views Saudi Arabia as a close friend and its staunch ally in the Gulf.

On the other hand, Iran, which also defines itself as an Islamic state and, according to Amnesty International, executed 330 people last year, has elections of a sort and a functioning parliament, allows women to drive cars, and is spending a fraction of the Saudi Arabian outlay on new weaponry. Together with President Saddam Hussein's Iraq, it is described by the US as a grave threat to world stability.

The basic difference between Iran and Saudi Arabia, at least when viewed from Washington, is that one sees the US as the Great Satan while the other sees it as the Great Saviour. Put another way, Washington has much less of a problem with the domestic policies of Islamic governments than it does with their external posturing.

In part this is because Islamic fundamentalism has, for the past 15 years, been primarily a rallying point and a focus for dissent against regimes which permitted no alternative political voice and were sometimes allied to the US. The Iranian leadership under Ayatollah Khomeini saw America as the root of all evil and its presence in the Middle East a provocation to all Moslems. Iran still sees its role as coming to the aid of oppressed Moslems anywhere in the world, but especially in the Middle East.

After 14 years of Islamic government, Iran cannot claim much success abroad, or at home. Despite all the talk of exporting revolution, there is not a lot to show. Equally, the sorry state of the Iranian economy leaves little to crow about. But what Iran has been able to do, to a modest extent, is capitalise on the political and economic failures of others. In the process its capacity for trouble-making has been purposefully exaggerated, not least by

Roger Matthews examines the strength and appeal of Islamic fundamentalist movements throughout the Middle East

A voice for the oppressed



Faces of Islam: the fortunes of Moslems in Algeria and Bosnia are causing frustration for many Islamic leaders

some Middle Eastern leaders such as President Hosni Mubarak, who for months has been crediting Iran with the prime responsibility for terrorist attacks in Egypt.

Outside Iran, fundamentalist or radical Islamic movements have thrived most where there has also been the partial collapse of the state (Lebanon and Sudan), where economic deprivation and disparities have been particularly marked (Algeria and Egypt), and as a consequence of occupation (the West Bank, Gaza and Lebanon). They have been additionally aided by the more general perception among Arab populations that their governments have failed them.

The movements which inspired

Where there is a degree of international co-ordination it stems primarily from Iran. Even then it is difficult to identify who is responsible when power is shared between spiritual leader, president, parliament, ministers, senior ayatollahs, religious institutions and religious foundations. Contradictions are inevitable. The country's economic reconstruction programme needs to attract western capital and technology, but its foreign policy, especially on the Middle East peace process, is diametrically opposed to US and European efforts.

Iran's successes have been greatest where Israel has blundered out of the frying pan into the fire, most notably in its efforts to smash opposition to its military occupation in the West Bank, Gaza and Lebanon. The harsh response to the five-year Palestinian uprising in the occupied territories has given Hamas, the radical group supported by Iran, the chance to draw popular support away from the more moderate Fatah, the dominant component in the Palestine Liberation Organisation headed by Mr Yassir Arafat.

In south Lebanon, the formerly quiescent Shia population was politicised by Israel's invasions in 1978 and 1982. The invasions succeeded in ending the Palestinian military threat to Israel's northern border but contributed to the birth of Hizbollah, which is also backed by Iran and was responsible for seizing western hostages in Beirut. Hizbollah not only continues to inflict more casualties on Israeli troops than the Palestinian guerrillas, but has become an important element in determining Lebanon's political stability.

Conversations with officials in Tehran leave little doubt that Iran sees its allies in the occupied territories and its co-religionists in Lebanon as offering direct leverage on the peace process and on wider American-Islamic plans. Just how extensive Iranian ambitions are is

difficult to assess, but it would seem obvious that Iran will seek to exploit the weaknesses in the pro-American Arab alliance that Washington is seeking to maintain.

One of the keys to that alliance is Egypt, among the most immediate targets of Islamic extremists. The activities of a handful of terrorists during the past year have undermined the regime, especially as they have aimed principally at the tourist industry, the country's biggest single source of foreign revenue. But while there is plentiful evidence of dissent in Cairo's poorest suburbs, there is no sign of the explosive discontent which led to the country's mass riots in January 1977. Egyptians are famously slow to

rouse and, as the 1977 riots showed, it was government blundering rather than opposition agitation which triggered public anger. The Moslem Brotherhood, for decades Egypt's main standard-bearer of political Islam, is winning greater public support, but it seems to be more by default than by any specific policies it has to offer. An hour spent seeking to draw out a party spokesman elicited only the repeated assertion that all the answers to Egypt's myriad problems are contained in the Koran.

But if Islamic groups are reticent about precise policies, they are learning fast how to operate at the grassroots. Islamic groups in several countries have understood the effectiveness of social welfare schemes and have taken full advantage of any opportunities to become

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The basic difference for Washington is that Iran sees it as the Great Satan, and Saudi Arabia sees it as the Great Saviour

millions in the post-colonial era - Nasserism, Arab socialism, Arab nationalism, Arab unity in all its different guises - have collapsed. The depth of the region's political malaise was never better illustrated than by the often contradictory Arab reactions to Iraq's invasion of Kuwait. Against this background, slogans such as "Islam is the Solution" are destined to rally support. But there is no structure or uniformity to the response. No populist Islamic army is forming under green banners and curved scimitars to drive out the corrupt and morally bankrupt moving on to deal with the infidels. Instead, there is a multiplicity of Islamic organisations, even within a single country, a wide range of objectives, and little articulation of what Islam thinks is The Solution.

OBSERVER



Then a quick word with the publisher secured him a quarter-page colour photo in the next edition - one up on Schwarzenegger, who Springbett claims had achieved only a black and white.

Upon publication, the young lady accepted his hand, and the two are still blissfully married. Here's hoping she goes on inspiring him to great deeds.

Snoop's oops

A thrill of righteous anger no doubt ran through the Norwegian social security officer off-duty at a party. Dancing around before him was Nelly Elgaaen, who he knew was receiving welfare support while off work claiming she had a bad back.

He promptly reported her, and the welfare payments were halted. They've now been restored. She was dancing as a remedial measure prescribed by her physiotherapist.

Chinese walls

"Nothing to worry about, there's always a bit of unrest at this time of the year," Britain's Beijing embassy assured visiting members of the House of Commons foreign affairs committee in May 1989. What they'd inquired about was student demonstrations in Tiananmen Square - which left some of the visitors with what one

or dismissive". Nor was his snapshot of the present position likely to change Jopling's view.

Communist countries were difficult to understand, it went, rather like a lake with black water and currents running beneath the surface. The present situation in China was "very interesting" and the ambassador could not predict the future with confidence.

Flagging

There might well be some awkward silences at the first meeting of the newly formed board to keep the British Labour movement's colours flying by preserving trade union banners for posterity. After all, besides John Smith, the board includes TGWU leader Bill Morris and his GMB counterpart, John Edmonds.

But if the two union bosses can't think of anything to say to the would-be reforming party leader, they could always borrow the immortal line from teenage novelist Daisy Ashford's *Young Visitors*: "You look rather rash my dear your colors dont quite match your face."

Title tattle

News that just departed Bank of England governor Robin Leigh-Pemberton has taken the title of Lord Kingsdown caught Observer off-guard. Didn't Kingsdown in Kent already have

part of the political establishment. Leading the way are Hizbollah in Lebanon, the Islamic Salvation Front in Algeria, and the Moslem Brotherhood in Egypt and to a lesser extent in Jordan.

In Lebanon, devastated by 17 years of civil war, Hizbollah runs schools, hospitals and clinics, provides housing, and administers shops which sell subsidised food. It put up candidates for last year's general elections, and its eight members of parliament set an example by the enthusiasm with which they participate in debates and sub-committees. Hizbollah is also the only faction not to have been disarmed, on the basis that it is fighting to eject Israel from the south in order to restore national sovereignty. In short, Hizbollah has covered all the options.

Allowing Hizbollah into the democratic process posed relatively few risks in Lebanon where representation is regulated according to the size of the country's religious minorities. But in Algeria - where there was no such limitation and the ruling party had little popular support - a sudden plunge into democracy by a desperate government allowed the protest vote to swing massively to the Islamic Salvation Front. It was only stopped from taking power by the regime halting the electoral process, pushing the country towards worsening political violence.

President Mubarak says he warned Algeria's leaders of precisely that danger. He has no intention of legalising the Moslem Brotherhood in Egypt and permitting it to fight an election against the officially sponsored National Democratic party. However, there seems equally little prospect of the NDP as constituted ever winning mass support, a vacuum which the Islamic groups are in part trying to fill with welfare programmes, similar to those adopted by Hizbollah.

Groups of Egyptian liberal intellectuals have warned Mr Mubarak of the risks if the government continues with its confrontational "them or us" policy. Harsh police measures to crush the Islamic challenge is not an answer, they argue, except perhaps for Syria, where the brutal suppression of the 1982 revolt in the town of Hama has broken the back of opposition to the regime for more than a decade.

But it has not provided the answer to what or who follows President Hafez al-Assad, any more than other Arab regimes have managed to create institutions which will provide for orderly and popular transfers of power. Such failures have allowed the perception to gain ground in the Middle East that it is only the Islamic movements which truly care for the poor and oppressed, an impression heightened by the collapse of communism and the Soviet Union and what are seen as hostile American attitudes.

In the slums of Cairo, among the squatters in the wreckage of downtown Beirut, in Baghdad or Khartoum, the assertion that the US is at war with Islam falls on receptive ears. However justified the Gulf war by international law, the further missile attacks on Baghdad and the continued sanctions which bear most heavily on ordinary Iraq people can be all too easily arranged to fit a specific message.

The west's failure to save the Moslems of Bosnia adds substantially to that message and will be further reinforced if it refuses the offer of an Islamic peacekeeping contribution. And, of course, there is Israel. Despite 30 months of American-sponsored peace talks it shows little sign of withdrawing from the occupied territories or relinquishing east Jerusalem.

Such issues bear far more heavily on the lives of most Moslems in the Middle East than the prominently headlined activities of a few extremists in New York. If the wider concerns of Moslems are not accorded more equal prominence, the US and its allies may be unable to check the growing suspicion that Islam is being elected to succeed communism as the primary threat to western values and political order.

Happy landing

Good to see someone preserving a sense of humour amid the massacre on Lime Street. David Springbett, who yesterday published a modified version of the London insurance market's official business plan, wants to "springclean the place".

Hence the scheme's title: "Lysold", an old-fashioned cleaning fluid, which just happens to be an anagram of Lloyd's. While he may be a self-styled "expert bullshitter", Springbett clearly has staying power. Witness his entries in the Guinness Book of Records, which include the fastest round-the-world trip on a commercial airliner.

Twelve years ago he found himself above the Atlantic seated beside a striking girl called Paddy, who also didn't see him as her ideal man. Not content with pointing out that he was fat, she mentioned that her current beau was Arnold Schwarzenegger who'd famously earned a Guinness Book entry as the most perfectly formed man.

Divining that a mention in said esteemed tome was the key to the young lady's heart, Springbett contemplated his navel in quest of a way. He hit on the round-the-world trip for which, being a good insurance professional, he hedged himself with the bookies at 25 to 1.

a lord of the manor in Kenneth Noye, one of the brains behind the 1982 Brinks-Mat bullion robbery?

Perhaps the former guardian of Britain's gold was moving in to search for the still missing bulk of the robbers' undercover reserves. But the odds would surely be against him in an area where many of the houses look as though they must have been built without planning permission, besides being guarded by rottweilers.

Wrong track, however. The said Kingsdown has nothing to do with Leigh-Pemberton's new title. It has been kept unused for over a century, dating back to one of Leigh-Pemberton's great great granddads who died childless.

Relocation

Talk about charity beginning at home. Yesterday's Independent illustrated its report on the restored dividend at estate agents Savills with a picture of a country house. The caption read: "... Lower Roundhurst near Hazelmer, Lancashire, is priced at £1.8m."

What wasn't mentioned was that the property belongs to one of the Indy's columnists who'll no doubt welcome the publicity for the sale - share-tipper Jim Slater. Even so, the paper stopped short of putting potential buyers directly on the scent. The house is not in Hazelmer, Lancashire, but Haslemere, Surrey.

Japanese opinion polls predict big loss for Social Democrats

By Robert Thomson in Tokyo

JAPAN'S ruling Liberal Democratic party will not gain a parliamentary majority in Sunday's election but the Social Democratic party, the largest opposition group, will be a bigger loser, according to opinion polls released yesterday.

The results of the newspaper-sponsored polls, the largest of which sampled 110,000 voters, reflected increasing support for newer, pro-reform parties such as the Japan New party and the Japan Renewal party, both of which could win 40-50 seats in the 511-seat parliament.

But the LDP, which entered the election with 227 seats after losing the support of one of its factions, may not be as battered as

was predicted when the government of Mr Kiichi Miyazawa fell after losing a no-confidence motion late last month.

It is now expected to secure 220-230 seats. The polls - published by the Nikkei Shimbun, the Yomiuri Shimbun, the Asahi Shimbun and the Mainichi Shimbun daily newspapers - indicated that many voters had yet to decide. But they suggested the LDP would form a coalition government, with the JNP likely to have enough seats to make it an influential partner.

There is also a possibility that the JNP could form a coalition with opposition parties, but Mr Morihiro Hosokawa, the party's leader, has suggested a coalition with the LDP is more likely.

However, Mr Hosokawa has also suggested that a coalition government is likely to collapse quickly. This would force another election within a year, giving his party and other new groups more time to prepare for a campaign and select candidates.

The snap poll has put pressure on the new parties: the JNP has been able to muster only 69 candidates, the JNP 57 and the New Party Harbinger 16. JNP officials are already planning for the next election, which they expect early next year.

Each of the polls indicated that the SDP, which now has 140 seats and has traditionally won the protest vote, would be badly bruised on Sunday. Estimates put the number of seats it is likely to win at between 69 and 100.

The party appears to have alienated old supporters through a last-minute attempt to overhaul a foreign policy more appropriate to the 1970s, but it has also put off other potential voters by not reforming the policies quickly enough.

On average, the four polls found that the Japan Communist party would keep its present total of 16 seats, and could take as many as 20 seats.

Meanwhile, the Komeito, backed by the Soka Gakkai religious movement, is expected to keep its 46 seats.

If the polls are accurate, a coalition among the Komeito, SDP, JNP and JRP could form a new government. But policy differences should ensure their administration was short-lived.

Sharp rise in US consumer spending as inflation eases

By Michael Prowse in Washington

US consumer spending rose significantly in the second quarter while inflationary pressures moderated, official figures indicated yesterday.

This suggests that the US economy, after sharp price increases in an erratic first quarter, is returning to last year's path of moderate growth and subdued inflation. Fears that the Federal Reserve, the central bank, would push up interest rates in the near future have all but evaporated.

The Commerce Department said retail sales rose 0.4 per cent between May and June and

sharply revised upwards estimates of spending in previous months. The Labour Department said consumer prices were flat last month after a marginal 0.1 per cent increase in May.

Official figures earlier this week showed a 0.3 per cent decline in wholesale prices last month, the biggest in two years.

In May, the Fed reacted to signs of rising inflationary pressures by shifting from a neutral monetary stance to a bias toward raising short-term rates. However, the Fed is now expected to take a more relaxed attitude towards inflationary pressures and to postpone a tightening of monetary policy at least until the

autumn, perhaps until next year. Retail sales in April and May were revised up sharply to show monthly gains of 1.9 per cent and 0.4 per cent respectively, against previous estimates of 1.5 per cent and 0.1 per cent.

The latest figures suggest that real consumer spending grew at an annual rate of about 3 per cent in the second quarter, a sharp rebound after growth of less than 1 per cent in the first quarter. The recovery was led by big increases in car sales. Sales of clothing and general household goods also improved noticeably.

The annual rate of consumer price inflation fell to 3 per cent against 3.3 per cent in May.

Inflation in UK at 1.2%, lowest rate since 1964

By Emma Tucker in London

BRITISH retail prices fell 0.1 per cent last month, to bring the annual inflation rate to 1.2 per cent, the lowest since February 1964. Underlying inflation excluding mortgage interest payments was unchanged at 2.3 per cent.

The Central Statistical Office said the fall in prices was mainly because of an early start to the summer sales. Telephone and electricity charges also declined.

Economists warned, however, that inflation did not have much further to fall. Although few expect underlying inflation to breach the government's 4 per cent target ceiling before the end of the year, many believe that price pressures are starting to build slowly as demand for consumer goods recovers and the higher cost of imports is passed on by retailers.

Mr Kenneth Clarke, chancellor of the exchequer, said yesterday: "At the moment, the economy is recovering perfectly sensibly. I don't expect us to have good news all the time but at the moment the recovery isn't looking fitful. In the last day or two, it looks as though it is strengthening a little."

Financial markets reacted well to the news, which came only a day after the announcement that UK manufacturing output rose by 1.8 per cent month-on-month in May. Long-dated bond yields, which reflect the market's expectations of future inflation, fell since 8 per cent for the first time since early 1972.

The pound climbed higher against the D-Mark closing up ¼ of a penny at DM5.578. It was also slightly stronger against the dollar, ending the day at \$1.5025 compared with a previous close of \$1.4935. The figures made little impact on share prices, however. The FT-SE 100 index closed down 4.3 at 2,832.3.

Bavaria to sell off shareholdings

Continued from Page 1

The state's withdrawal from Bayernwerk in a phased process (its 58 per cent holding will be reduced to 50.1 per cent in the first stage) would suit the ambitions of Viag to consolidate its position and expand further in the highly profitable power business. Viag owns 39 per cent of the utility, which, in turn, has a 24.9 per cent stake in it.

Viag is known to have been

pressing for a restructuring. The conditions for absorbing Bayernwerk into a privately controlled concern were better than before, Mr Alfred Pfeiffer, Viag chairman, said yesterday.

Mr Georg von Waldenfels, the Bavarian finance minister, said the government might retain a stake of up to 40 per cent in the new business, a complete withdrawal was being considered in the medium term.

Mr Stoiber, who took over as

Bavarian premier last month, said that the privatisation process was not intended to finance the Bavarian state budget, but to provide long-term investment funds to attract and promote more high-technology investment in the state.

Apart from Bayernwerk and Deutsche Aerospace, Bavaria has a stake in Rhein-Main-Donau, which operates the canal linking Germany's two main rivers with the Danube.

Attali criticised over EBRD finance

Continued from Page 1

building contractor, Bovis, to control the construction project.

Also criticised are two other executives, Mr Pierre Pissaloux, who until recently held the posts of director of the cabinet and of the budget, though now is only cabinet director, and Mr Anders Ljungh, the bank's vice president in charge of finance.

Mr Pissaloux is accused of poor judgment in his management of the building project, allowing

overspending in certain areas. However, he is praised for the speed with which the project was finished. Mr Ljungh is accused of not keeping sufficient control of bank spending.

The bank's board of 23 directors, who represent the countries and agencies which own the bank, are also rebuked for approving and then increasing the budget for furnishing the office without receiving sufficient information on why more than \$50m was required.

In June, Mr Attali announced his intention to resign as president following disclosures that he had taken \$30,000 in fees for speaking at a conference and had also been reimbursed twice for a first class return flight to Japan.

He said at the time he would go when a permanent successor takes up office, which is unlikely until September. He was not at the bank yesterday. One bank executive said: "The audit report is so critical of him, I suspect he may decide to quit this week."

Bursting branded bubbles

THE LEX COLUMN

Procter & Gamble's price offensive in the US detergents market has blown more bubbles up the noses of investors worried about brand values. There may be specific reasons for P&G's campaign: the need to counter Unilever's launch of super-concentrated detergents being one. But the move also reflects the general industry shift towards the latest fad of everyday low pricing. P&G has been cutting the promotional spend on 70 per cent of its products, allowing it to reduce prices. The sums may only work, though, if P&G is able to make similar cuts in costs. P&G's press conference today may reveal how.

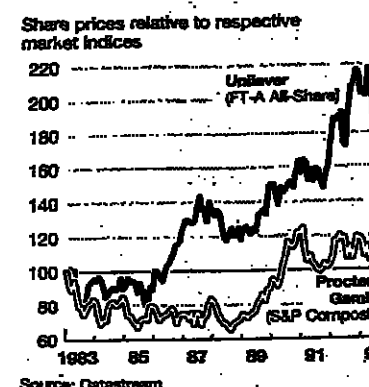
The question worrying investors, though, is whether such moves are short term expedients designed to attract flagging sales or longer term strategies which will rewrite the rules of the branded game. Trading conditions have changed greatly since the 1980s. Companies are being forced to adapt. Whereas the 1974 and 1981 recessions were followed by bursts of medium economic growth and high inflation, the outlook for the 1990s is for low growth and low inflation. This is squeezing consumers' discretionary spending and emphasising value.

That said, branded companies able to offer demonstrably superior products at modest premium prices should continue to thrive. The 5 per cent fall in Unilever's shares over the past two days is surely overdue. But such companies will have to overcome a wave of adverse sentiment before they can hope to reverse their recent share price weakness.

Tiphook

Tiphook's reputation for impenetrable accounting will only be enhanced by its latest changes. Since the bulk of its revenues are in dollars, the switch to dollar-based accounting is superficially reasonable. All the more so since most of its debt and almost 50 per cent of its shareholders are in the US. But blaming a \$7.3m profits hit on these accounting changes is rich when most of the charges would have been incurred anyway. The \$16m cost of unwinding its interest rate swaps position would have affected profits under its old policies. So, too, would the punitive expensive \$21m cost of redeeming \$150m of preference shares. Such irritations might have been overlooked had Tiphook's underlying business held much appeal. But with poor annual figures, a patchy trading outlook and escalating competition,

FT-SE Index: 2832.3 (-4.3)



the company has a real fight on its hands. Year-end gearing of 473 per cent, which comes close to the ceiling imposed by its articles of association, constrains it further. Although high gearing is normal for leasing companies, a likely interest bill three times forecast profits is a worrying ratio nonetheless. Despite the hefty dividend yield, there seems little reason to risk holding Tiphook's shares.

CSFB

The resignation of Mr Archibald Cox as head of its US operations suggests CSFB is some way from achieving management stability. Having appointed Mr David Mulford to the top job in London in March - in place of the established Mr Hans Joerg Rudloff - it might have hoped for a period of calm. Mr Cox hardly has a record of precipitate career moves, so it is hard to believe that hickering over the level of bonuses paid in New York played more than an incidental role. That raises the question of whether his departure is a symptom of a deeper malaise. Like other globally-minded investment banks, CSFB must mould an integrated business from the far flung parts of its empire. Splitting into regional units in 1985 to accommodate the buy-out of First Boston proved an unsatisfactory response. In an era of cross-border capital flows, organising an investment bank geographically makes little sense. By reshaping itself into product groups earlier this year, CSFB has belatedly fallen into line with practice elsewhere. Since that involved curtailing the power of regional chiefs, friction was always likely.

If Mr Cox's resignation has indeed arisen out of the decision to impose a more rational management structure, CSFB could emerge stronger from the upheaval. Having clung to the idea of regional units for so long, though, it has lost ground against the best of the competition. What the company really needs now is a focus on profitability rather than personalities.

UK inflation

If Tuesday's inflation figures had not arrived on government notepaper, the casual observer might have thought they related to Japan. The UK does seem to have survived the first wave of price pressure from devaluation, due to low wage inflation and a yawning gap in the productive potential of the UK economy. Manufacturers are even managing to restore margins despite subdued price rises. One area where this may not be true is food retailing, where costs are rising but retail prices are under pressure. Those fat margins built up in recession may soon start to slim.

BT3

Calculators will doubtless be working overtime in the investing institutions to gauge the retail demand for BT3. Since retail investors are said to have applied for at least 800m shares, against the 600m on offer, that implies the 1.4m or so applicants have applied for a minimum of 570 shares each. However, the public is unlikely to have applied for more than the 630 shares tendered for in BT2, since the first payment is much larger this time. All of which suggests that while the public has applied for more than 800m shares, the final total may not be much more than 900m.

The 600m share institutional offer closes tomorrow and there seem to be bids for around 1.2bn shares. Those tenders are clustering around a 10p premium to the price on BT2's fully paid shares, reflecting the time value of money. It would thus seem unlikely that the Treasury would increase the retail element to 900m and cut institutions back, since fund managers are paying a higher price, and small investors may also have bid for more shares than they expect to get. If these prove to be the final figures, the offer will count as a modest success. Whether the same can be said of the excessive hype and baffling advertising campaign is another matter.

ROLLS-ROYCE

£120 MILLION INDONESIAN ORDERS

Rolls-Royce has announced two significant engine orders from Indonesia, worth £120 million. Airlines Sempati Air and Pelita Air Service are the first customers for the new Fokker 70 regional airliner, whose engine is the Rolls-Royce Tay 620. And the Indonesian government has ordered another two dozen Hawk trainer/combat aircraft, which will be powered by the latest variant of the Rolls-Royce Turbomeca Adour. Deliveries of both engines will begin in 1995 from the company's Bristol and Derby factories.

ON TRACK FOR ANKARA AND TORONTO

A company in the Rolls-Royce Industrial Power Group has won two important contracts to supply electrical equipment for rapid transit systems. The cities of Ankara and Toronto have chosen the static converters manufactured by NEI Control Systems for their new rolling stock. The order follows on the heels of similar ones for the Montreal Metro, British Rail and the London Underground. The contracts, together worth £9 million, are to supply, and to provide local service support for, equipment which helps generate on-board electricity supplies for services such as air conditioning and lighting.



THE SYMBOL OF POWER

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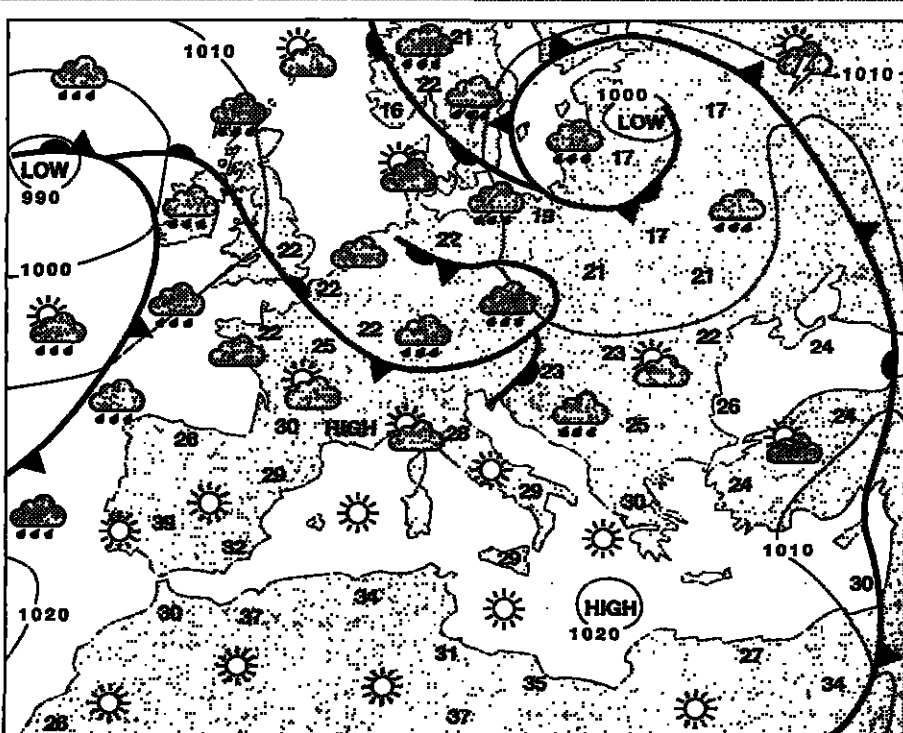
A disturbance over central Europe will bring overcast skies and rain to Germany, Poland, the Czech republic and the Alps. In spite of the rain, temperatures will rise above 20C this afternoon. Later, some rain will fall over Hungary and former Yugoslavia but elsewhere over the Balkans there will be sunny spells. A depression west of Ireland will bring rain to the British Isles. In the evening, the rain will reach Belgium, the Netherlands and north-west France. Southern France will have sunny spells with temperatures rising to 30C. Across southern Europe, it will be mainly sunny and in the interior of Spain temperatures will rise to 39C.

Five-day forecast

Depressions will continue to influence the British Isles. It will be rather rainy. Tomorrow, rain will fall over the Low Countries, Germany and the Alps. On Saturday the rain will move to eastern Europe. From Sunday thundershowers will develop over western and central Europe. Central Scandinavia will be mainly dry with some sunny spells until Monday. Elsewhere in Scandinavia, rain will fall at times. Southern Europe will be sunny and dry and afternoon temperatures will reach 30C.

TODAY'S TEMPERATURES

Madrid	sun	22	Chicago	fair	27	Faro	sun	30	Managua	sun	33	Rangoon	cloudy	29
Cebu	sun	31	Cologne	rain	24	Frankfurt	rain	24	Malta	sun	29	Rangoon	cloudy	13
Abu Dhabi	sun	40	Birmingham	rain	20	Geneva	rain	26	Manchester	rain	18	Riyadh	sun	42
Accra	cloudy	28	Bogota	showers	19	Glasgow	fair	20	Marilla	sun	33	Rome	sun	28
Algiers	sun	34	Bombay	rain	30	Hamburg	rain	21	Medan	showers	22	Sao Paulo	sun	20
Amsterdam	cloudy	22	Bordeaux	fair	30	Helsinki	rain	20	Mexico City	showers	22	Seoul	thund	28
Athens	sun	32	Brussels	cloudy	23	Hong Kong	thund	31	Miami	fair	32	Singapore	cloudy	21
Bangkok	rain	32	Budapest	rain	23	Honolulu	fair	31	Montreal	rain	17	Sri Lanka	sun	30
Barcelona	sun	29	Buenos Aires	showers	11	Istanbul	rain	17	Moscow	rain	24	Sydney	rain	16
Belfast	cloudy	28	Cairo	fair	34	Dublin	rain	19	Munich	rain	21	Taipei	sun	30
Bellagio	rain	18	Cape Town	rain	16	Durban	cloudy	17	Nairobi	cloudy	21	Tokyo	showers	24
Belfast	rain	26	Corona	cloudy	29	Edinburgh	rain	18	Naples	sun	28	Toronto	sun	23



Forecasts by Meteo Consult of the Netherlands

Las Palmas	sun	27	New York	showers	31	Tunis	sun	34
Lisbon	sun	32	Nice	fair	35	Vancouver	showers	20
London	cloudy	22	Nicosia	fair	35	Venice	sun	25
Los Angeles	hazy	23	Olo	rain	23	Warsaw	rain	22
Luxembourg	rain	22	Paris	cloudy	25	Washington	rain	32
Lyon	rain	29	Perth	showers	19	Wellington	cloudy	22
Madrid	sun	25	Prague	rain	21	Winnipeg	showers	22
Madrid	sun	38	R de Janeiro	rain	20	Zurich	rain	23

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هذه امه لوط

INTERNATIONAL COMPANIES AND FINANCE

Retail investors apply for 800m BT shares

By Roland Rudd in London

RETAIL investors have applied for more than 800m shares in the UK government's sale of its 21.9 per cent holding in British Telecommunications, compared with institutional applications for more than 1.3bn shares.

The government has earmarked 50 per cent of the 1.2bn new BT shares on offer for UK investors but has retained the right to raise this figure to 67 per cent.

After yesterday's close of the UK public offer, telecommunications analysts said the Treasury was less likely to claw back more shares from the institutional offer.

The government will raise more money from the 800m (\$7.6bn) sale if it gives the institutions, which are paying more for the shares, half of the total allocation.

The final decision on allocation will not be taken until tomorrow morning.

As the UK public offer closed, the Share Information Office and larger share shops reported that around 1.4m applications had been received although this figure could rise after the final count.

More than half of BT shareholders and employees have applied for shares, compared with 18 per cent in the last sale of BT shares held by the government in 1991.

Retail investors have on average applied for 600 shares at a total cost of £900. The first instalment for small shareholders is 150p, compared with 160p for institutions.

The international offer remains open until 4pm tomorrow.

The government will over the weekend announce the price of the third instalment in the partly-paid issue.

Institutions have been pitching for allocations at 10p above the market price.

S.G. Warburg, the government's global co-ordinator, may buy back the partly-paid shares after they start trading on Monday. This is part of its stabilisation programme devised to create an orderly after-market.

Some telecommunications analysts expect the price of the partly-paid shares to rise after trading and then fall slightly as an artificial market has been created in existing BT shares in the run-up to the sale.

S.G. Warburg has warned institutions not to dump their existing shares before the sale in the hope of buying them back cheaply.

Analysts say that the lower than usual volume of share trading before the sale is evidence that the share price is artificially high.

Lex, Page 12

Rights issue by Banesto in strong demand

By Tom Burns in Madrid

BANESTO, the Spanish commercial bank, yesterday claimed strong demand for its 3-for-1 rights issue, designed to improve the institution's weak capital base by raising some Ptas2,600 (\$380m).

Mr Mario Conde, chairman, said 25 per cent of the rights had been subscribed within the first five days of trading. The issue is the first stage of a three-part plan to increase the bank's capital, and the response means J.P. Morgan's \$1bn Corsair fund, which has committed \$200m to Banesto, may reserve its investment for the second tranche.

In the second stage, Banesto will place 22.2m shares with investors, including the US institutions grouped in the Corsair fund and Mr Conde. Banesto shares are trading at slightly over Ptas2,000 each. The new shares in the rights issue are priced at Ptas1,500 and the shares in the placement at Ptas1,900.

Mr Conde said fee commissions had reached Ptas10.5bn in the second quarter of 1993, up 11.5 per cent on the first quarter and 21 per cent on the last quarter of 1992.

Average monthly borrowing on the interbank market had been reduced from Ptas587.9bn in May to Ptas236.6bn last month, Mr Conde said. Bad debts totalled Ptas213.7bn in the second quarter, against Ptas219.5bn in the first quarter, and provisions now cover 56 per cent of bad debts against 46.5 per cent at end-1992.

He said Ptas15.5bn had been set aside for bad debts in the second quarter following a Ptas10.7bn allocation in the first three months. Total provisions in the first six months of this year are already up on last year's total of Ptas24.7bn.

The third tranche of the capital raising effort will be a \$400m convertible bond with a coupon of between 6 per cent and 7 per cent. A final decision on the timing will be taken after subscription of the rights issue and the share placement ends in the first week of August.

Finmeccanica to take over seven companies in reorganisation

By Robert Graham in Rome

THE reorganisation of the companies in Italy's troubled defence sector was brought a step closer yesterday.

The government has allowed the defence companies in the portfolio of Efim, the state industrial holding placed in liquidation a year ago, to be taken over without payment by Finmeccanica, the main industrial and high-technology arm of IRI, the state holding company.

Efim possesses seven main defence groups employing 11,400 people with turnover of L2,269bn (\$1.4bn).

However, the holding company's defence portfolio has been dogged by heavy losses, notably in Augusta, the helicopter producer which last year

reported losses of L858bn. The principal problem has been to find a formula which would guarantee the survival of these companies, at least those with recognised leadership in technology, and to keep sufficient control within Italian hands.

Since January, Finmeccanica has been managing the Efim defence interests on a temporary six-month contract.

Finmeccanica said that it was only willing to take over the Efim defence companies if their balance sheets were thoroughly examined and the government agreed to outline a clear programme of defence needs and procurement plans.

Only on this basis, Finmeccanica argued, could the companies be absorbed and rationalised, fitting into its

own defence interests grouped around Alenia, the aerospace group. Otherwise, Finmeccanica said it could only undertake to run the companies as an operator without financial responsibility - at least so long as they were loss-making.

The government failed to come up with a defence procurement programme by June 30, and a decision was delayed for a further 15 days.

Yesterday's move appeared a hurried attempt to put in place the outlines for what will be a more timely process of guaranteeing work in the framework of a defence procurement programme.

With Alenia concentrating on aerospace business, radar and electronics, the Efim companies could provide a useful complement, embracing arma-

ments, helicopters and transportation.

However, at least 3,000 of the existing Efim jobs will have to be lost.

In a separate development, representatives of foreign banks, owed L4,400bn (\$3bn) as a result of Efim being put into liquidation and payments being frozen, yesterday met Treasury officials in Rome.

They are understood to have pressed the Treasury to urge Brussels to lift its veto imposed more than three months ago, on about L7,000bn of funds earmarked by the Italian government for Efim creditors and suppliers.

Of the L9,000bn agreed by the government to fund the liquidation and cover outstanding Efim debts, L3,000bn has been agreed by Brussels.

Thyssen Industrie divisions see return to black in next two years

THYSEN Industrie, the capital goods division of Thyssen, hopes to bring all of its divisions back into the black in the next two years, according to Mr Eckhard Rohkamm, management board chairman, Reuter reports from Essen.

Mr Rohkamm said that if all divisions were able to remain profitable under difficult economic conditions, the company would be able to boost its sales to earnings ratio.

"Thyssen Industrie as a whole is still profitable and will remain so to the end of the year. But unfortunately we have some areas that are making losses," Mr Rohkamm said.

He declined to say which companies would post a loss in the current year but said automotive supply and engineering were hit hardest by the slump in car and steel industries.

"When a big customer such as the car industry and a second large customer such as the steel industry are having massive problems... then, of course, areas that are dependent on steel and cars are massively affected," he said.

He said there were no signs yet of a recovery of group plant and equipment orders.

Orders on hand were about DM3bn (\$5.5bn) but group incoming orders would be

down 10 per cent from DM3.4bn a year earlier.

Thyssen Maschinenbau, the engineering division, was up to 90 per cent dependent on orders from the car industry, he said. The automotive industry accounted for 28 per cent of Thyssen Industrie's total sales.

While continental European carmakers were gripped by recession, Thyssen Industrie operations in the US and UK had benefited from rising car sales. Telligent Engineering, its UK unit, was working at high capacity and showing a very satisfactory development, he said.

BPI makes defensive stock sale

By Peter Wise in Lisbon

BANCO Portugues de Investimento (BPI) has reinforced its central core of shareholders by selling 7 per cent of its Treasury stock to Itaúsa, the Brazilian group.

The sale is seen as a defensive move against Banco Santander of Spain, which has been buying BPI shares for the past three months. Santander, with its partner, the Royal Bank of Scotland, bought out Portugal's Banco Comercio e Industria three years ago.

BPI is using the Itaúsa group as a white knight. As part of the deal, BPI purchased the Brazilian group's 12 per cent holding in another Portuguese bank, Banco Finsancas e Buroay (BFB) for \$7.1bn (\$44m) and at the same time sold the Brazilians 7 per cent of its own Treasury stock to strengthen its position against Santander's approach.

The company has a widely dispersed spread of shares among many relatively small shareholders. But there is a core of investors who have signed a pact to sell to each other if they plan to quit the bank.

Court puts off decision on Ciga

By Haig Simonian in Milan

A MILAN court yesterday postponed for the second time a decision on the future of the controlling stake in the Ciga luxury hotels chain, held by Fimpar, the holding company controlled by the Aga Khan.

The postponement means trading in Ciga and Fimpar shares, suspended seven weeks

ago, is unlikely to resume soon. The court put off a decision until October 5.

The stake has been frozen since a German arm of the IMI financial services group, which led a \$100m credit to Fimpar, sought court approval for a freeze on Fimpar's assets. The credit, which matured earlier this year, has not been repaid, nor has it been renewed.

The court's decision to freeze Fimpar's assets pending a decision on the legality of IMI's claim prompted the suspension of trading in Fimpar and Ciga shares. IMI turned to the courts in an indirect attempt to gain representation for Fimpar's foreign bank creditors in the restructuring plan for Ciga being prepared by Mediobanca, the Milan merchant bank.

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STATEMENT OF CONDITION, JUNE 30, 1993

ASSETS	
Cash and Due from Banks	\$194,774,322
U.S. Government Securities	153,101,185
State and Municipal Securities	54,354,308
Federal Funds Sold and Securities Purchased Under Agreement to Resell	193,600,000
Loans and Discounts	894,871,934
Customers' Liability on Acceptances	37,439,199
Interest and Other Receivables	31,884,157
Premises and Equipment, net	48,839,391
Other Assets	14,581,344
	\$1,423,445,840

LIABILITIES	
Deposits	\$1,210,595,718
Federal Funds Purchased and Securities Sold Under Agreement to Repurchase	16,515,000
Acceptances, Less Amount in Portfolio	37,439,199
Accrued Expenses	20,154,189
Other Liabilities	7,741,734
Capital	\$45,000,000
Surplus	86,000,000
	\$1,423,445,840

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The Korea 1990 Trust International Depositary Receipts Evidencing Certificates in Respect of 1,000 Units in the Trust

NOTICE IS HEREBY GIVEN to Unitholders that The Korea 1990 Trust, managed by Citizens Investment Trust Management Co., Ltd., has declared a dividend in the Republic of Korea amounting to Won 32,000 per Certificate in respect of 1,000 units, payable on or after August 3, 1993. Payments of Coupon No. 4 of the International Depositary Receipts, will be made on or after August 3, 1993 against presentation of the Coupons to the Depositary or to one of the Depositary Agents listed below (in the case of Holders of bearer IDRs), or (in the case of Holders of registered IDRs) to Holders that the Depositary is satisfied were on the Register on the Record Date - June 30, 1993.

DEPOSITARY
Chase Manhattan Bank Luxembourg S.A.
5 Rue Pictet, L2336 Luxembourg

DEPOSITARY AGENTS
The Chase Manhattan Bank, N.A.
Woolgate House, Coleman Street
London EC2P 2HD
Corporate Trust Administration, 4 Chase Metrotech Center,
3rd Floor, Brooklyn, New York 11245, U.S.A.
Chase Manhattan Bank (Switzerland)
63 Rue du Rhône, CH-1204 Geneva, Switzerland

The amount of dollars payable in respect of Coupons presented to an Agent of the Depositary by the Close of Business on July 28, 1993 and Holders on the Register on the Record Date shall be the net proceeds of the sale of the amount of Won for US dollars at the prevailing telegraphic transfer selling rate of US dollars for Won as quoted by a foreign exchange bank in Korea on the day on which the relevant transfer is made.

The dividend proceeds will be distributed to IDR holders in proportion to their respective entitlement and after the deduction of all taxes and fees, charges, duties and expenses of the Depositary. All Certificate holders are required to submit the name and address of a bank in New York and a US dollar account number for payment, or an address for which payment should be sent by US dollar cheque. All holders residing in a country having a double taxation treaty with the Republic of Korea may obtain payment at a lower rate of the Korean non-resident withholding tax, on condition they furnish to either the Depositary or through one of the designated Depositary Agents, a certificate showing their residence, together with a copy of the Certificate of Incorporation, or for individuals, a copy of their passport. These documents are requested by the Korean National Tax Administration Office as evidence of residence.

Without such proof of residence, the full tax rate of 26.875 per cent, Korean non-resident withholding tax will be retained.

All documents should be submitted to the Depositary or a Depositary Agent by July 29, 1993.

Chase Manhattan Bank Luxembourg S.A.
as Depositary



European Investment Bank

Italian Lira 500 Billion

Floating Rate Notes due July 1997

Notice to the Holders

Notice is hereby given that the Notes will carry an interest rate of 9.4375% per annum for the period 15.07.1993 to 15.10.1993.

• ITL 120,580 per ITL 5,000,000 nominal
• ITL 1,205,803 per ITL 50,000,000 nominal

Luxembourg, July 15, 1993

Chrysler Financial Corporation

US \$150,000,000 Floating Rate Notes due 1994

For the period from July 15, 1993 to October 15, 1993 the Notes will carry an interest rate of 3.56% per annum with an interest amount of US \$49.92 per US \$5,000 Note and of US \$498.24 per US \$50,000 Note.

The relevant interest payment date will be October 15, 1993.

Agent Bank
Banque Paribas Luxembourg
Société Anonyme

This announcement appears as a matter of record only.

May 1993

PANAFON

GSM CELLULAR TELEPHONE OPERATOR IN GREECE

Greek Drachmae 14,000,000,000

Syndicated Guarantee Facility and Short Term Loan

Guarantee Facility Lead managed by

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Aktiengesellschaft

and with the participation of

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ABN AMRO Bank

Funds Provided by

London Forfaiting Company Plc

Arranger to Facility and loan

Banque Nationale de Grèce (France)

£100,000,000

BRADFORD & BINGLEY

Floating Rate Notes Due 1998

Interest Rate 6 1/2% per annum

Interest Period 12th July 1993

12th October 1993

Interest Amount per £100,000 Note due 12th October 1993 £154.28

Credit Suisse First Boston Limited, Agents

"COMPAGNIE DE SAINT-GOBAIN"

"Société de trois participations"

"ECU 180,000,000 with warrants."

The TMOS used for the calculation of the coupon maturing on August 10, 1993 is 5.50%.

After approval of the 1993 financial statements by the General Meeting of Saint-Gobain, the net consolidated profit (loss) of the Group is FF 3,377,000,000.

On the basis of these figures the coupon payable on August 10, 1993 will show an annual interest rate of 6.71%, i.e. 6.625% rounded.

Therefore the coupon payable on August 10, 1993 will be ECU 48.55 per three participations of ECU 1,000.

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Banco de la Provincia de Buenos Aires

Grand Corporate Bank

US\$46,700,000

Par floating rate notes due 2009

US\$42,150,000

Discount floating rate notes due 2003

For the period 15 July 1993 to 18 January 1994 the notes will bear interest as follows:

Par Notes 2.625% per annum. Interest payable on 18 January 1994 will amount to: US\$68.18 per US\$5,000 note

US\$136.35 per US\$10,000 note
US\$1,363.54 per US\$100,000 note

Discount Notes 4.375% per annum. Interest payable on 18 January 1994 will amount to: US\$113.63 per US\$5,000 note

US\$227.26 per US\$10,000 note
US\$2,272.26 per US\$100,000 note

Agent: Morgan Guaranty Trust Company
JPMorgan

INTERNATIONAL COMPANIES AND FINANCE

Marion Merrell Dow restructures

By Paul Abrahams

MARION Merrell Dow, the pharmaceutical group 70 per cent owned by Dow, the large US chemicals company, yesterday announced a sweeping package of measures to reduce costs by about \$250m a year.

The restructuring, including a 13 per cent cut in staff, rationalisation of research and development, and other cost-cutting measures, will lead to a special pre-tax charge of about \$180m. Most of the \$250m savings should be achieved this year.

Mr Fred Lyons, MMD president, said: "We are moving

aggressively to realign our business, both to improve current results in face of rapidly changing conditions and to prepare for the longer-term opportunities."

The measures were principally in response to the growing importance of the "managed" (bulk discount) care sector in the US, Mr Lyons said. MMD is a leader in managed care, from which it generates about 40 per cent of its US sales.

The rationalisation is also a response to a series of blows in recent months. Sales of Nicoderm, the best-selling smoking patch in the US, collapsed this

year as the smoking cessation market, worth \$300m in 1992, fell to \$350m.

MMD has also been affected by the expiry last November of the US patents of its best-selling product, the heart drug Cardizem, which had sales last year of more than \$1bn. Sales of Seldane, its anti-histamine, have been undermined by safety concerns. Business in Europe has also been affected by healthcare reforms in Germany and Italy.

The company plans to cut as many as 1,300 jobs from its workforce of 9,900. Most of the reduction will be in the US. The figure includes cutting 275

full-time US sales representatives and 200 part-time sales positions.

MMD saw first-quarter turnover fall 21 per cent to \$617m from \$779m and pre-tax profits decline 58 per cent to \$74m.

It said it would focus its R&D on specific projects, including a Seldane metabolite that would not have the side effects now associated with the product; Sabril, an anti-epileptic; and allergy products.

Last year, MMD formed a joint venture with SmithKline Beecham, the Anglo-American healthcare group, to develop and market over-the-counter medicines in the US.

Genentech results show sharp increase

By Richard Waters

in New York

GENENTECH, the US biotechnology company 60 per cent owned by Roche of Switzerland, lifted second-quarter net income to \$10.4m from \$2.4m a year earlier, driven by a jump in income from product sales and licensing.

The increase in earnings per share to 9 cents, up from 3 cents a year earlier (though below the 12 cents of the first quarter), helped to lift the company's shares by 5% to \$44 by midday in New York.

Sales of Activase, the heart drug which is the company's biggest-selling product, continued to recover from the decline which had largely accounted for a slump in the company's 1992 earnings.

Following results at the end of April from a 40,000-patient trial, sales of Activase rose to \$5.5m in the quarter, up from \$4.9m in the first three months and \$4.4m in the second quarter of 1992.

Overall, product sales increased to \$110.8m (\$95.8m in the second quarter of 1992). Contract income jumped from \$5.3m to \$24.3, due largely to an \$18.2m contribution from a three-year licence agreement with Schering.

Total revenues were up to \$169.6m, from \$153m in the first quarter and \$136m in the second three months of 1992.

The company's normally high research and development spending jumped further, to \$83.9m (\$73.3m), as it took a charge of \$13.7m to end an agreement involving the Research Institute of Molecular Pathology in Vienna.

The R&D effort yielded two significant developments in the quarter: the start of development work on a new heart drug and a decision by the US Food and Drug Administration to review Genentech's cystic fibrosis treatment.

On the former, Mr Kirk Raab, chairman, said: "If this molecule performs as well in the clinic as it does in the laboratory, it could advance the treatment of heart attack even further than Activase has."

Charles Schwab ahead at \$31.6m but growth slows

By Patrick Harverson

in New York

CHARLES Schwab, the largest discount brokerage house in the US, yesterday reported a big increase in second-quarter profits to \$31.6m, up from the \$18.5m earned in the same quarter of 1992.

Like other securities houses, however, Schwab's profits in the second quarter were slightly lower than in the first period of the year, when the firm earned a record \$35.4m.

The downturn in earnings suggests that while Wall Street continues to benefit from a

two-year boom in stock market and underwriting activity, the pace of growth has slackened over the past three months.

Yesterday, the San Francisco-based firm said that client trading activity in June was the softest of any month this year.

Mr Charles Schwab, chairman, said he also expected retail trading activity to weaken in the third quarter, although he believed the firm's results for that period would still be an improvement on the same period of 1992, when Schwab earned a below-average \$7.8m.

Commission revenues rose 34 per cent to \$136m, mutual fund service fees by 53 per cent to \$23.1m, and principal transactions revenues by 30 per cent to \$39.3m.

Non-interest expenses rose 25 per cent to \$189.4m, primarily due to increased trading activity and an 8.5 per cent rise in client assets to a record \$79.2bn.

Shares in Schwab rose initially on the earnings announcement, but then fell back from close to a year-high on profit-taking. By late morning the stock was trading at \$28, down \$1.

TV network boosts CBS to \$107.4m

By Karen Zagor

CBS, which owns one of the three US television networks, posted unexpectedly strong second-quarter earnings of \$107.4m, or \$6.73 a share.

The group predicted record earnings from continuing operations for the full year.

A year earlier, CBS posted net earnings of \$98m, or \$4.46. Earnings in the 1993 quarter included a one-time pre-tax gain of \$14.2m. Sales grew to \$335.8m from \$279.9m.

On Wall Street, shares in CBS rose \$10 to \$24.74 at midday. The improved earnings were attributed to better results from the company's television network, which is benefiting from higher advertising sales, cost containment and its leading position in the prime time market.

For the first half, CBS recorded net profits of \$161.6m, or \$10.23 a share, on sales of \$1.71bn.

In the first six months of 1992, the group took charges for accounting changes of \$81.6m, which reduced net income to \$5m, or 32 cents, on sales of \$1.86bn.

Mr Laurence Tisch, chairman and chief executive, said the company's television network saw sales grow by 9 per cent in the latest quarter.

He added that CBS expected to exceed significantly its record full-year earnings from continuing operations of \$11.54 a share, set in 1989.

Federal Express shares soar as profits rise 56% in fourth term

By Karen Zagor in New York

SHARES in Federal Express jumped yesterday morning after the US's biggest overnight delivery company unveiled a 56 per cent increase in fourth-quarter profits, reflecting reduced international losses.

At mid-session, shares in the Memphis-based company were up 5% at \$52.4 after a delayed opening following the earnings release after Wall Street's close on Tuesday.

The company said it was talking to Lufthansa, the German airline, about buying passenger aircraft to be converted to freighters in a deal that could be worth about \$400m.

For the three months to May 31, FedEx posted net income of \$55.8m, or \$1.01 a share, compared with \$35.8m, or 66 cents, a year earlier. Revenues rose 8 per cent in the last quarter of fiscal 1993 to \$2.04bn from \$1.89bn the previous year.

Operating income in the quarter rose 24 per cent to \$138.5m from \$109.8m.

In the latest quarter, the international business showed some improvement. Operating losses narrowed to \$25.4m on revenues of \$339.2m from an operating deficit of \$33.2m on revenues of \$336.1m a year ago.

Mr Alan Graf, chief financial officer, expects international operations to break even by fiscal 1995 or earlier.

For the full year, FedEx had net income of \$53.5m, or 98 cents, compared with a loss of \$113.8m, or \$2.11, the previous year. Results were distorted by one-time charges in both years, including the adoption of new accounting standards in fiscal 1993 and a pre-tax \$254m charge for restructuring.

Stripping out extraordinary items, the company earned \$109.8m, or \$2.01, in fiscal 1993, against \$54.7m, or \$1.01, a year earlier. Revenues rose to \$7.81bn from \$7.55bn.

In the US, the average price per package fell faster than costs, contributing to a decline in domestic underlying operating income to \$559.2m from \$635.9m a year ago.

Rubbermaid advances to \$50.6m

By Karen Zagor

RUBBERMAID, the household plastic goods company, yesterday posted a 16 per cent improvement in second-quarter net income on sales which rose 9 per cent, reflecting the success of new products and aggressive marketing which helped lift volume in the quarter.

For the three months to June 30, net income was \$50.6m, or 32 cents a share, on sales of \$488.5m, against earnings of \$43.7m, or 27 cents, on sales of \$449.1m a year earlier.

Mr Wolfgang Schmitt, Rubbermaid's recently-appointed chief executive, said: "We intend to deliver another record year in 1993. New product efforts have been intensified with plans to exceed 1992's level of introducing, on average, a new product every day of the year."

"With the momentum of these new products and some firming in the economy, we would expect second-half sales comparisons to exceed those of the first half," he said.

Mr Schmitt added that the company continued to empha-

size cost controls and productivity improvement.

He was named chairman of Rubbermaid in November after the unexpected resignation of Mr Walter Williams following an examination ordered by outside directors of budget overruns in Rubbermaid's commercial products division. Mr Williams is said to have resigned for personal reasons, unconnected with the examination.

For the first six months, Rubbermaid had net income of \$100.2m, or 63 cents, against \$87.4m, or 41 cents, a year ago.

of \$194m, makes avionics products for data management, ground hazard avoidance, navigation and instrumentation.

Allied said the deal would contribute to 1994 earnings, but did not elaborate.

Separately, Sundstrand which makes aerospace components, said its second-quarter earnings, to be released this week, would be up from the second quarter of 1992 but the company was "disappointed with the overall level of our earnings momentum."

It added that the sale of its Data Control business to AlliedSignal for \$195m would result in a significant, non-recurring financial gain.

Shell expands in Canada

SHELL Canada has strengthened its natural gas reserves in the Sable Island area off Nova Scotia in a property exchange with Petro-Canada, writes Robert Gibbons in Montreal.

Petrocan has acquired Shell's 5.3 per cent stake in the Terra Nova oilfield off Newfoundland, increasing its interest to 49 per cent.

In exchange, Petrocan has transferred part of its minority interests in six gasfields in the Sable Island area to Shell. This

means Shell now has a 25 per cent share of 3,700bn cubic feet of gas reserves about 175 miles east of Halifax.

Most of the gas reserves were found in the mid-1970s in an exploration programme led by Shell. However, Shell and partners have no plans yet to develop the gas.

Seagram forms Polish venture

SEAGRAM, the Canadian drinks group, has formed Seagram Polska, a wholly-owned marketing, sales and distribution operation in Poland, AP-DJ reports.

The unit will market and distribute an extensive range of premium international spirits and wine brands.

PET plant for Indonesia

JAPAN'S Mitsubishi Kasei will build the first polyethylene terephthalate (PET) resin plant in Indonesia at a cost of about \$80m, AP-DJ reports from Tokyo.

Construction of the 40,000 tonne-per-year plant will begin this year in partnership with Indonesia's Bakrie and Brothers. The plant will be operational in mid-1995, according to Mitsubishi Kasei.

Banacci posts earnings up 9%

By Damian Fraser

in Mexico City

FINANCIERO Banamex-Accival, Mexico's largest financial group, reported an equivalent of net earnings of 665m pesos (\$411m) in the second quarter, 8.9 per cent up from the same period in 1992.

However, earnings at Banamex, the group's bank, dropped by 18.7 per cent to 526m pesos, and at Accival, the brokerage, by 46.3 per cent to 37m pesos.

Banamex's earnings would have fallen by 11.4 per cent if a revaluation of assets had been excluded.

Most Mexican financial groups exclude revaluation of assets from net earnings. Banamex reported a revaluation of 28m pesos, compared with a large deficit in the second quarter last year.

It said a significant portion of the surplus was due to an appreciation of securities held by its subsidiaries, which if realised, would have been reported as trading income.

The group blamed the sharp fall in Banamex's income on the slowdown in the Mexican economy and the stringent monetary and credit policies of the government.

NEWS DIGEST

Vartiy wins VW brakes contract

VARTIY, the Buffalo-based industrial group, has won a long-term contract, valued at more than \$135m annually, to supply anti-lock braking systems to Volkswagen in Germany, Reuter reports.

Vartiy's Kelsey-Hayes will supply its latest EBC 10 line of braking systems to Volkswagen beginning in 1996, for use in the 1997 model year.

This is the third large European contract for the system won by Kelsey-Hayes since it introduced its products overseas in 1981, the company said.

It predicted that Europe's anti-lock braking systems market would grow to 60 per cent of all vehicles manufactured there in 1997, compared with 25 per cent today.

AlliedSignal buys Data Control

ALLIEDSIGNAL, the US aerospace and automotive group, is to buy the Data Control unit from Sundstrand of the US, for \$195m. The deal is expected to close in September, Reuter reports.

The business, with 1992 sales

البنك السعودي الأمريكي
Saudi American Bank

FINANCIAL HIGHLIGHTS

UNAUDITED AS OF JUNE 30, 1993

	June 30 1993 SR '000	June 30 1992 SR '000
Assets		
Cash and Due from Banks	7,072,049	9,879,122
Loans and Advances (net)	12,190,548	10,996,268
Bonds and Securities	18,520,325	15,089,918
Other Assets	1,965,646	1,863,264
Total Assets	39,748,568	37,828,572
Liabilities and Shareholders' Funds		
Customer Deposits	30,495,185	29,191,672
Due to Banks	5,110,880	4,711,060
Other Liabilities	1,046,985	1,081,595
Shareholders' Funds	3,095,518	2,844,245
Total Liabilities and Shareholders' Funds	39,748,568	37,828,572
Contra Accounts	60,753,526	52,553,178
Statement of Earnings		
Operating Revenue	737,241	697,818
Less: Operating Expense	(271,788)	(233,903)
Total Operating Income	465,453	463,915
Transfer to Reserves Net of Credit Recoveries	5,115	(17,037)
Net Income for the half year ended June 30	470,568	446,878

For further information, please contact:

Head office: The Corporate Secretary, Saudi American Bank, P.O. Box 833, Riyadh 11421, Kingdom of Saudi Arabia. Telephone: (01) 477 4770.
London branch: The General Manager, Saudi American Bank, Nightingale House, 65 Curzon Street, London W1Y 7PE, U.K. Telephone: (71) 355 4411.
Istanbul branch: The General Manager, Saudi American Bank, P.O. Box 49, Levant, Istanbul, Turkey. Telephone: (11) 30028477.
Geneva office: The General Manager, Samba Finance S.A., 387 Rue du Commerce, 1204 Geneva, Switzerland. Telephone: (22) 3102400.
New York representative office: The General Manager, Saudi American Bank, 666 Fifth Avenue, New York, NY 10103, U.S.A. Telephone: (212) 3078274.
Paris representative office: The General Manager, Saudi American Bank, 51 Avenue Hoche, Paris 75008, France. Telephone: (1) 43 80 00 80.

CITY OF WESTMINSTER
FINANCE DEPARTMENTTENDERS FOR INTERNAL AUDIT,
FINANCIAL SYSTEMS AND BANKING & CONTROL

The City Council intends to seek tenders from suitably qualified firms for provision of the Internal Audit, Financial Systems and Banking and Control Services.

Contracts will start on 1 June 1994 and will run for 3 years, 10 months in respect of Internal Audit and for three years in respect of Financial Systems and Banking and Control.

Firms wishing to be considered for the tender should submit their expressions of interest by 12 noon on 30 September 1993 to:

Roger Allard
Head of Audit and Support Services (Tel: 071 798 2326) in respect of Internal Audit.

Geoff Packman
Head of Financial Services (Tel: 071-798 2374) in respect of Financial Systems and Banking and Control.

Finance Department, City Hall, Victoria Street, London SW1E 6QP

Firms should include the following information:

Company name, registration number, trading address and registered office (if a subsidiary company, also the name and address of the parent company).

Description of the company and its main business areas.

Names and addresses of three referees from whom references may be sought regarding the company's experience and ability to undertake work relevant to the service(s) applied for.

A statement showing a list of other work relevant to the service(s) applied for, carried out over the last three years including contract dates, values and client names.

A set of audited accounts for the past three years (if a subsidiary company, submit these accounts as well as consolidated accounts).

Name and details of the manager who would be responsible for the tender submission and who, if successful, would be the contract manager.

Any other relevant information regarding the firm's ability and experience to carry out the service(s) applied for.

From 2 August to 17 September 1993 inclusive, except Saturdays, Sundays and Bank Holidays, any person may inspect the detailed specifications and contract documentation for these three services free of charge on application to the reception in the First Floor Foyer of City Hall, Victoria Street, London SW1E 6QP. During this same period, any person will be supplied with a copy of the detailed specification and contract documentation on request to Roger Allard in respect of Internal Audit and/or Geoff Packman in respect of Financial Systems and Banking and Control, and on payment of the sum of £150 per service. This sum will be returned to firms who are invited to tender and submit a bona fide tender.

The City Council intends to invite tenders on or about 25 October 1993 with an anticipated closing date of early December 1993.

THE WARDLEY
CHINA FUND
LIMITEDUnaudited NAV per share as
at 30th June, 1993

US\$10.11

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COMPANY NEWS: UK

Shareholders quiz chairman over departure of chief executive

Storehouse chief lashes out

By Neil Buckley

MR IAN Hay Davison, chairman of Storehouse, the retail group comprising BHS and Mothercare, strongly criticised the decision by Mr David Dworkin, former chief executive, to resign only six months after taking up the position.

Mr Hay Davison's attack on his former colleague, made in response to repeated questions from shareholders at the company's annual meeting about Mr Dworkin's resignation and pay, was unusually outspoken for a company chairman.

He said his reaction to Mr Dworkin's departure from the group only weeks after receiving a performance-related bonus of £2.71m was one of "fury". He added that he felt Mr Dworkin had let the company down.

"Maybe because he's an American and comes from a different cultural context he did not understand that in this country you just don't leave a position of chief executive of a company so soon after taking it up," he said.

Mr Dworkin was promoted from chief executive of BHS to chief executive of the Storehouse group in July 1992, but resigned in February to head US stores group Carter Hawley Hale.

His basic pay rose last year from £344,000 to £575,000 but a long-term performance bonus of £2.71m - negotiated when he first arrived at BHS in 1991 - took his total remuneration for the year to £3.25m.

Mr Hay Davison is thought to be more angry about Mr Dworkin's decision to leave after only six months in the



Ian Hay Davison (left) expressed fury with David Dworkin and strongly criticised his decision to resign only six months after taking up his position as group chief executive

chief executive's job than about the bonus payment. He reminded shareholders yesterday that Mr Dworkin had achieved dramatic results at Storehouse and that the group's market capitalisation had increased by £400m since the beginning of 1992.

No money was paid to Mr Dworkin in compensation for loss of office. But Mr Hay Davison told shareholders that, as a result of its recent experience, Storehouse had reduced the length of executives' employment contracts to a maximum of two years.

Mr Hay Davison told the meeting that Storehouse's sales were currently 5 per cent ahead of last year. The company avoided giving a figure when it reported its full-year results in May, saying

only that sales were in line with targets. However, he warned that Storehouse, like other retailers, had experienced a general slow-down in trading since earlier in the year, and that its year-on-year growth in sales per cent ahead of last year. The company avoided giving a figure when it reported its full-year results in May, saying

only that sales were in line with targets. However, he warned that Storehouse, like other retailers, had experienced a general slow-down in trading since earlier in the year, and that its year-on-year growth in sales per cent ahead of last year. The company avoided giving a figure when it reported its full-year results in May, saying

Rooney's future remains unclear

By Andrew Bolger

THE FUTURE of Mr Bill Rooney as chairman and chief executive of Spring Ram, the bathroom and kitchen group, was still unclear last night. The shares closed 4p lower at 51p.

After three profit warnings within eight months, Mr Rooney is under pressure from institutional shareholders to resign. This move is led by the Prudential Corporation, which speaks for 35 per cent of the group's equity.

After a meeting yesterday, the company said: "The board of Spring Ram, which remains united in its support for Mr Bill Rooney, recognises and accepts the need for immediate and major changes in the structure, style and management of the company for the 1990s. Today's meeting has been adjourned to enable the board to seek further advice on the implementation of these changes."

Neither Mr Rooney or any of the other directors would expand on the statement, which raises several questions. It is not clear how compatible "major changes" are with continuing support for Mr Rooney, a co-founder of the company and still its dominating force.

Mr Rooney has said he would be prepared to give up the role of chairman or chief executive, but not both. Mr Rooney and his family trusts have a 16 per cent stake in the company.

Pre-tax profits in the first half of the current year were forecast to be well below the comparable period, contrary to earlier expectations. In March the company disclosed a pre-tax loss of £26m - a third less than expected.

Growing thirst for cider lifts Bulmer to £19.6m

By Paul Taylor

THE CONTINUED growth of cider market in the UK, Australia and Belgium helped BP Bulmer to a 15 per cent increase to £19.6m in pre-tax profits for the 53 weeks to April 30.

The increase from £17.1m was achieved on sales ahead 13 per cent to £251.8m (£231.9m), including £6.84m from Ciderie Stassen, the Belgian branded cider maker acquired in September. Sales were underpinned in the UK by volume gains achieved by Bulmer's leading brands - Strongbow, Woodpecker and Scrumpy Jack.

Earnings per share improved 15 per cent to 22.89p (19.96p); a proposed final dividend of 6.4p (5.55p) makes a total for the year of 10.15p (9p). The shares gained 13p to close at 418p.

Mr John Rudgard, chief executive, said the UK cider market had "continued to grow in all sectors," including the private label business for supermarket chains which expanded by 28 per cent last year.

In the UK Strongbow continued to dominate the mainstream cider market, capturing

28.3 per cent of the on-trade business and adding 5,400 new taps. Strongbow draught volumes grew by 17 per cent last year while in the premium sector Scrumpy Jack volumes jumped 54 per cent.

The Australian operations achieved 10.8 per cent volume growth and a 34 per cent increase in operating profits to £2.37m on sales of £14.4m. In £2.37m on sales of £14.4m. In £2.37m on sales of £14.4m.

In soft drinks, both Kiri and Orangina achieved volume gains while Volvic, the second largest mineral water brand after Evian, managed to increase volumes by 25 per cent to 34.6m litres. However, the beer portfolio had "a difficult year" because of depressed demand with sales of Red Stripe down slightly.

The pettin operations also suffered from reduced demand and fierce price competition and operating profits fell by 61 per cent to £972,000 (£2.5m) on turnover of £12.5m (£14.5m). Mr Rudgard said a strategic

review of the business was nearing completion.

COMMENT

Bulmer's great strength is the depth of its brand portfolio across all the market segments built through hefty marketing and solid investment expenditure. The loss next year of the Perrier and Buxton distribution contract - representing 14 per cent of secondary distribution tonnes - should be covered within a year by volume growth in the rest of the product portfolio. UK operating margins, although increasing, are still held back by the lower margin beer and soft drinks operations, but would benefit from the disposal or closure of the pettin business. This year pre-tax profits should reach £21m, equivalent to earnings of 24.7p and producing a prospective p/e of just under 17. Investors have a choice in how to play the rapidly growing cider market: for certainty, they can choose Bulmer's established depth of brands and management; for a bit of excitement, they can pick up and conning Taunton Cider's ability to capture share with new brands.

Headlam seeks £5m to fund purchase of Claremont Fabrics

By Peter Franklin

HEADLAM Group, the floorcoverings and fabrics distribution group, is buying Claremont Fabrics, a textile converter and fabrics wholesaler.

Consideration is £5.3m in shares, of which 208,561 are being retained by one of the vendors and 3.95m are being offered to Headlam shareholders under a 3-for-13 rights issue

at 127p to raise £5.04m for the vendors.

A further 692,547 shares will be offered to Headlam shareholders on the same terms to raise an additional £500,000 to provide working capital for the enlarged group and funds to meet the acquisition costs.

The purchase is conditional on shareholders' approval and the rights issue is conditional on completion of the purchase; application has been made to

the Stock Exchange for the proposed new shares to be admitted to the Official List.

Dealings in the new shares are expected to commence on August 2. The rights is underwritten by Robert Fleming and the broker to the issue is Albert E Sharp.

Claremont Fabrics made pre-tax profits of £26,000 on turnover of £10.7m in the year to April 30, at which date it had net assets of about £1.1m.

Scantronic shows advance to £3.09m

By Catherine Milton

STRONG EUROPEAN markets helped Scantronic Holdings, the security components supplier and manufacturer, lift pre-tax profits from £2.54m to £3.09m in the year to March 31.

Mr Ray Dias, finance director, said the company did not adopt FR5 3 it wanted to report separately exceptional and extraordinary provisions relating to litigation.

The group took a £444,000 exceptional charge for doubtful trading debt due from Alarm Paris and a £1.5m extraordinary charge mainly against costs relating to the damages claim against the former owner of Arrowhead, a US acquisition.

Turnover rose to £39.1m (£36.1m). Mr

Wallace Clapperton, chairman, said European markets were the main area where progress was achieved.

"Mainland European sales benefited from increased original equipment manufacture business which more than countered recessionary conditions."

European operations contributed turnover of £30.4m (£26.2m) and operating profits of £2.92m (£2.55m). Scantronic has now split continental and UK operations to give "greater focus" to the overseas business, where it has a low market share.

There was a reduced operating loss of £153,000 (£591,000) from the North American operations although turnover slipped to £8.68m (£9.86m).

Mr Clapperton said: "Despite our earlier expectations, the North American market showed no sign of upturn. Progress to bring operations into line with existing business levels was achieved through the strengthening of local management and the launch of new products."

Scantronic maintained a £2m spend on research and development, some 5 per cent of sales. Gearing was held at just under 90 per cent, and the company generated more than £5m in cash for the second year in succession, including £1m from US operations. Net interest charges fell to £311,000 (£422,000).

The final dividend is 2.331p (2.185p) making 3.121p (2.975p) for the year, payable from earnings of 4.05p (2.18p).

Ex-Savoy man turns down Forte job offer

By Michael Skapinker, Leisure Industries Correspondent

AN ATTEMPT by the Forte hotel group to recruit Mr Willi Bauer, former general manager of the Savoy, to run its luxury establishments has failed.

Forte said yesterday that Mr Bauer, chief executive of Wentworth golf and country club group, had decided not to take the job for personal reasons.

Mr Bauer would have run Forte's Exclusive hotel portfolio, which includes the Hyde Park and Grosvenor House in London, the George V in Paris, the Ritz in Madrid and the Bristol in Warsaw. Mr Rocco Forte, Forte chairman, has said he would like to merge the

hotels with those run by the Savoy group.

Forte acquired the majority of Savoy shares following a bitter takeover battle in the 1980s, but has a minority of voting shares. During the bid, Mr Forte strongly criticised Mr Bauer's management skills.

Savoy and Forte agreed a five-year truce which ends in November next year. Mr Bauer said last night of the proposed Forte position: "It was and is the most exciting job in the industry. But it would have meant an awful lot of travelling and responsibility worldwide. A job like that takes 100 per cent commitment and I wouldn't want to travel 60 to 70 per cent of the time."

Pay-out in prospect for creditors of ACS

By Paul Taylor

CREDITORS of Atlantic Computer Systems, the main UK operating company in the collapsed Atlantic Computer leasing group, may receive a dividend of between 10p and 15p in the pound, according to the company's joint liquidators.

Mr John Soden and Mr Richard Boye-Stones of Price Waterhouse were appointed joint liquidators of ACS earlier this week following court orders from their appointment as joint administrators in April 1990.

When Atlantic collapsed in 1990, dragging down its parent company, British & Commonwealth Holdings, ACS had li-

abilities of £500m - mostly contingent liabilities arising from clauses in the company's portfolio of more than 2,500 leases.

Since then, however, the administrators have achieved realisations after costs of over £38m compared with initial estimates of about £16m and have been successful in minimising liabilities through negotiations with lessees and funders - removing some £38m of liabilities and dealing with over 67 per cent of the leases.

Mr Soden said that although significant uncertainty will remain about the level of dividend until all the claims have been received, "we may be in a position to pay a first dividend by the end of this year."

Markheath shares dip on news of delay in results

By Peter Pearce

SHARES in Markheath, the property group 61 per cent owned by the Australian Adelaide Steamship and its associates, fell 14p to 54p yesterday on news that it was to delay the announcement of its annual results.

Mr Ian Creber, finance director, said that negotiations with the group's banks were continuing, causing the delay.

These talks have been going on since at least the January announcement of the half-time results, when losses deepened to £4.71m (£489,000).

Mr Creber said that then the discussions were over the

availability of credit facilities; now they were about their maturity dates. He said that rental income was "not enough to cover the group's operating costs and bank interest."

Markheath's financial restructuring, involving repair to the balance sheet, is complicated by the fact that the directors believe, having studied management accounts, that net assets have fallen below £15.26m, or less than half of the called-up share capital.

Mr Creber insisted that this fall-off in net assets - from £25m at March 31 1992 - did not trigger the delay in the results announcement.

NEWS DIGEST

Games side boost for Prism

A STRONG performance from its computer games division helped Prism Leisure report record profits for the 12 months to March 28.

Shares of the USM-quoted group rose 10p to 150p after the announcement of pre-tax profits of £1.33m, up 37 per cent on the comparable 1992/93. Turnover improved to £15.5m (£13.5m).

Mr Geoff Young, chairman, said the computer games side had exceeded expectations: "The customer profile has continued to improve and now covers many major retailers," he said.

The audio and video operation maintained profits in difficult trading, but the German subsidiary, which began trading last July, produced an "encouraging" profit, Mr Young said.

Cash balances at the year-end amounted to £1.5m.

A proposed final dividend of 2.37p brings the total to 3.27p - a 20 per cent rise - covered

Adam & Harvey falls to £4.86m

Adam & Harvey, the international distribution and steel stockholding concern, suffered a fall in pre-tax profits from £6.4m to £4.86m for the year ended March 31, from turnover behind at £40.4m against £42.7m.

Earnings per share were 54.2p (59.5p) while the dividend is stepped up to 12p (11p) with an increased final of 7p.

Judgment against Crest Nicholson

Crest Nicholson, the Surrey-based housebuilder, yesterday received an adverse judgment in the High Court arising from its decision to rescind a contract to purchase development land at Ford's Farm, Calcot, near Reading, in 1988.

The court held that Crest had wrongfully refused to complete the purchase of the land and awarded damages and interest amounting to £1.7m against Crest, which was also ordered to pay three quarters

of the plaintiff's costs. Crest said the loss arising from the judgment, which is expected to amount to about £2m, would be charged as an exceptional item in the accounts for the year to October 31.

Heron restructuring moves ahead

Heron International, Mr Gerald Ronson's property and trading group, announced yesterday that the Netherlands debt restructuring scheme of arrangement for Heron International Finance had been ratified by the District Court in The Hague.

Batleys declines 22% to £6.53m

Pre-tax profits of Batleys, the private Huddersfield-based chain of cash and carry wholesalers, fell 22 per cent from £8.38m to £6.53m in the year to May 1.

The outcome was struck on turnover of £477.9m, against £454.9m for the previous 53 weeks. Interest charges were

£178,000 lower at £523,000 and earnings per share were 28.06p (35.54p).

First half sales rise 18% at Irish Life

For the first six months of 1993 sales at Irish Life rose 18 per cent to £185.4m (£154.9m).

Single premium sales in Ireland were down slightly at £90.7m while recurring premium sales fell by 3 per cent to £126m. In the UK, single premium sales were ahead by 22 per cent to £133.7m but recurring premium sales were down 12 per cent to £127.3m.

Aberforth Split Level assets up 22%

Aberforth Split Level Trust, which invests in small UK quoted companies, had a net asset value of £29.7p per capital share at June 30, up almost 22 per cent over the year.

Available revenue amounted to £1.27m (£1.43m) for earnings of 8.43p (9.56p) per income share.

A lower final dividend of 2.4p reduces the total for the year to 8.4p (9p).

NEWS IN BRIEF

BROMSGROVE has paid £1.35m for Banafix, a Buckinghamshire-based company engaged in the reinforcement of glazed areas in buildings through the application of protective security film.

BULLERS is to purchase the assets and continuing business of Michael Sutty for £70,000 cash, with a further maximum £50,000 payable as royalty sales over a two-year period. Finance has been provided from bank facilities made available by Marmara Bank of Turkey, whose chairman, Mr Akile Uras, is a Bullers director and who through his company, Auric Holdings, owns 29.9 per cent of the Bullers equity.

CARDIFF PROPERTY: At first closing date the offer for Village Residential had been accepted in respect of 3.07m shares (59.9 per cent). Offer declared unconditional in all respects and extended until July 26.

DERWENT VALLEY has received acceptances to its open offer in respect of 1.72m new ordinary shares (44.35 per cent). Shareholders had previously undertaken not to accept

their entitlements to 472,653 shares (2.18 per cent). These, together with the remaining 1.69m shares not taken up (43.45 per cent), are to be taken up in accordance with arrangements outlined last month.

FINSBURY SMALLER Companies Trust: Applications for open offers received in respect of 72,408 C ordinary and 492,226 C preference shares. Subject to placing and open offers going unconditional, all applications will be met in full.

RAMMERSON PROPERTY: Recent rights issue taken up in respect of 18.4m ordinary and 58.4m A ordinary shares, representing 96.89 and 96.94 per cent of offer respectively. Balances sold in market at a premium.

HUNTERS ARMLEY has acquired Alf Smith Printers (Bradford) for a maximum £1.2m cash.

INTERNATIONAL BUSINESS Communications (Holdings): Applications for recent open offer received in respect of 2.27m shares, a take-up of 39.56 per cent of shares available for clawback. Elections also received in respect of £1.25m

nominal of unsecured subordinated debt stock 1996 for conversion into ordinary shares, which will result in the issue of up to 1.4m new shares.

LOWE (ROBERT R) said negotiations were in progress for the disposal of its children's wear division, which trades under the Babygro banner, to Delta Textiles (London). Delta is the UK subsidiary of Delta Galil Industries, an Israeli textile manufacturer.

MID-STATES has acquired the business of Harts Autoports of Chattanooga, Tennessee, for £1.5m (£1.2m) in cash, together with a deferred payment of £121,000.

MOLYNEUX ESTATES: Applications for recent open offer received in respect of 1.89m shares (23.89 per cent).

NO PROBES: The proposed acquisition by ACT Group of the BIS Group from Nynex Corporation is not being referred to the Monopolies Commission.

PROUDFOOT: 10 per cent of 1992 final dividend was taken up under scrip dividend alternative and application for listing has been made in respect of 377,898 new ordinary shares.

THE WORLD'S TOP 1,000 BANKS



The July issue of The Banker is out now £8.00

FINANCIAL TIMES

INDEX CONSTITUENTS

LISTS OF the constituent stocks of the FT-SE Actuaries Share Indices series and other FT indices are available at no charge from The Manager, FT Statistics, One Southwark Bridge, London SE1 9HL.

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

Mark Zurack or Barbara Mueller, Goldman, Sachs & Co., 85 Wall Street, New York, New York 10004, U.S.A. (212-902-6777).

Symon Bradford, NatWest Securities Ltd., 40th Floor, 74-77 Queen Street, Edinburgh EH2 4NS (031-225-8525).

Stanley Leisure at £8m despite Aintree debacle

By Catherine Milton

AINTREE'S Grand Debacle failed to prevent Stanley Leisure Organisation, the betting shop, casino and snooker club group, lifting pre-tax profits from £7.82m to £8.05m in the year to May 2.

Stanley would normally net up to £300,000 from the Grand National. But offsetting the loss of the Aintree profit, it benefited from evening racing during the period. It would press, however, for a more "betting shop-friendly" racing schedule.

Stanley did not adopt FRS 3. Mr Paul Olive, financial director, said the standard would not have altered the year's results. The previous period

covered 53 weeks.

Mr Leonard Steinberg, chairman, said "turnover has gone up and we feel that the company and the industry generally has come out of recession." Turnover improved from £203.3m to £218.4m.

The company increased the number of its betting shops to 336 (314) at the year-end. The total currently stands at 355. The division contributed £180.6m (£174.3m) to turnover. The average stake per slip increased to £3.45 (£3.38), however pre-tax profits fell to £5.76m (£6.22m).

The acquisition in February of the Surrey Group of betting shops in Scotland for £2.99m contributed 3 per cent of total turnover and £50,000 to

pre-tax profits.

The casino division, which accounts for about half of group turnover, now has 18 (17) outlets and contributed £8.73m (£5.94m) to pre-tax profits on increased sales, thanks mainly to cost control.

The snooker division made a small profit masked by its inclusion with central costs. Gearing rose to 36.8 per cent (35.3 per cent) on net debt of £24.2m (£29.5m). Net asset value per share rose to 210p, up 10 per cent on last year, in part as a result of a £5.24m surplus on property revaluation.

A proposed final dividend of 2.8p makes a 4.32p (4.16p adjusted) total. Earnings per share rose to 12.78p (12.33p restated).

Widney to buy SPC for £4m

By John Murrell

WIDNEY, a maker of windows and water treatment, power transmission and electronic equipment, has entered into a conditional agreement to acquire SPC International for a maximum £4m.

The company's shares were suspended at 7p last month pending the announcement of an acquisition. Dealings were restored yesterday and the shares closed at 8p.

The principal activity of SPC, which was formed in 1989, is the purchase, refurbishment and resale of electronic point of sale systems, cash dispensing equipment and financial terminals for use in banks and shops worldwide.

The initial consideration of £3.2m will be satis-

fied via the allotment of 42.87m new shares, of which 23.47m are being placed on behalf of the vendors at 74p to raise some £1.76m.

Deferred consideration of up to £200,000 is dependent on profits. Widney intends to raise a further £2.73m by the issue of an additional 36.41m new shares at 74p to improve working capital and to cover the costs of the purchase.

Accordingly, a total of 79.08m new shares will be issued of which 19.2m, representing 14 per cent of the enlarged capital, will be retained by the vendors.

The vendors of SPC have undertaken that profits before tax for the year ended June will be not less than £300,000 (£287,000) and that net assets at completion will be not less than £1.25m.

NEWS DIGEST

Nobo shows 49% growth to £1.65m

NOBO Group, a manufacturer of office and business products, returned profits of £1.65m pre-tax for the year to end-April, an improvement of 49 per cent over last year's £1.11m.

The figure was helped by a £187,000 reduction in interest charges to £476,000.

Turnover was static at £21.1m - Nobo disposed of its office furniture business in October last year. Turnover of the core business of visual aids and desk top accessories increased by 6 per cent.

A proposed final dividend of 3.3p makes a 4.8p (3.5p) total. Earnings improved from 8.34p to 10.41p per share.

Year-end gearing was cut to 32 per cent (50 per cent) helped by cash flow from the disposal and the placing of £26,850 new shares in March.

Johnson Matthey sees improvement

There were "signs of improvement" is some of the most important markets served by Johnson Matthey, the world's biggest platinum group metals marketing group, reported Mr David Davies, chairman, at the annual meeting.

In particular, recovery in the US had benefited North American sales by the catalytic systems and materials technology divisions.

The recent improvement in platinum, palladium and gold prices had largely offset a further fall in the price of rhodium, Mr Davies pointed out.

He reported that more than 90 per cent of shareholders had accepted an enhanced scrip

alternative to the final dividend which would save the group £3.8m of advance corporation tax and also benefit shareholders.

Strong asset rise at M&G Dual Trust

Net asset value at the M&G Dual Trust was £26.68 per capital share at June 30, up from £21.73 a year earlier.

The trust's capital is fully invested in the M&G General Trust Fund, distribution from which dipped to £2.2m (£2.34m) over the six month period.

The interim dividend is held at 30.55p and directors forecast a maintained final of 38.55p.

North Housing Ass to build 1,750 homes

North Housing Association achieved a surplus of £13.7m from turnover of £41.5m in the year to end-March, despite the continuing decline in "right to buy" sales, which contributed £900,000 less than last year.

The outcome compared with a surplus of £12.2m from turnover of £37.3m last year.

Directors said the total surplus would be reinvested for the benefit of people in housing need. The association intends to start building 1,750 new homes in the current year, for which the expected total expenditure is £75m.

Bogod declines 10% to £232,000

Bogod Group, which sells sewing machines, parts and accessories, saw pre-tax profits dip 10 per cent, from £259,000 to £232,000, over the 12 months to March 31. Turnover showed little change at £5.72m.

A recommended final dividend of 0.5p maintains the

total of the A shares at 0.7p, payable from earnings of 2.58p (2.99p) per share.

Pict sells stake in Edinburgh Oil

Pict Petroleum, the oil and gas exploration and production group, has sold its stake in USM-quoted Edinburgh Oil & Gas.

The 2.65m shares, representing some 15.2 per cent of Edinburgh's equity, have been acquired by Liverpool Limited Partnership.

Graystone redeems £3.25m of loan note

Graystone, the engineering components company, has completed negotiations for the redemption of half of the £6.5m loan note issued to Prospect Industries in payment for its acquisition in November.

Graystone has redeemed £3.25m nominal of the loan note for £2.08m. In addition it has agreed revised terms with Prospect in the event of a redemption of the balance.

Graystone also said it intended to apply to the High Court to reorganise and reduce its share capital.

Telemetrix arm buys in east Germany

Zetex, the wholly owned specialist semiconductor subsidiary of Telemetrix, has acquired certain plant and equipment located at Neuhaus, Thuringia in Germany, for the assembly of discrete surface mount semiconductors.

A consideration of a nominal DM1 is payable to the Treuhanderanstalt. Telemetrix said the open market value of the plant and equipment acquired was about £1m.

Venture offshoot helps BWD to £1.81m

By Ian Hamilton Fawcett, Northern Correspondent

BWD SECURITIES, the USM-quoted stockbroking and financial services group, reported a 48 per cent rise in pre-tax profits to £1.81m for the six months to May 31.

The outcome also represented an increase of nearly 4 per cent on profits of £1.74m recorded in the last full year.

Turnover rose 34 per cent to £7.43m (£5.53m), partly reflecting steady increases in new clients nationwide for BWD Rensburg, its stockbroking arm, and expansion of Northern Registrars, the wholly owned share registry subsidiary.

Profits were helped by "significant uplift" at Capital for Companies, the Leeds-based venture offshoot, which raised £3m for assured tenancy schemes under the Business Expansion Scheme. Although the government is shutting down the BES in December, the schemes will yield annual fee income for five years.

The interim dividend is 1.5p (1.3p), payable from earnings per share of 6.6p (4.5p).

The group is placing 341,885 new shares at 95p each via James Capel, its broker, to fund the purchase of a 10,000 sq ft modern office block near its headquarters for Northern Registrars. The subsidiary now acts as registrar for about 70 companies and continuing expansion has seen it outgrow its existing offices.

The new shares will rank pari passu with the 18.03m existing shares but will not qualify for the interim dividend.

Tapping institutional investors

Has the nursing home sector saturated the market, asks Maggie Urry

THE POOR performance of Court Cavendish's shares in their first two days of trading as a quoted company has raised questions for investors who have chosen the nursing home sub-sector as a growth area.

Court Cavendish was floated at 25p a share, valuing the company at £51m. Its issue involved raising £40m through the sale of 17.7m new shares, as well as existing shareholders selling 2.56m shares.

Although the public offer was 2.3 times subscribed and allocations were scaled down, the shares had fallen to 198p by last night's close, 27p below the issue price.

Last week another nursing home group, CrestaCare, raised £33.3m through a placing, doubling its market value. There is also persistent speculation that Takare, the market leader, will return to the market for new equity in September - speculation described by Mr Hamilton Anstead, deputy managing director, as idle and irresponsible.

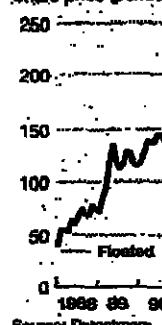
So has the healthy appetite for nursing home shares suddenly faded? CrestaCare's advisers say they found no difficulty in finding buyers for the company's new shares, even after a placing of over 20 per cent of the group's equity as recently as March.

One excuse put forward for Court Cavendish's dismal initial showing was that the CrestaCare placing - which came between the closing of Court Cavendish's offer and its first dealings - sated institutional investors' desire for stock.

When stages tried to sell their shares they found no institutional demand, and the weight of selling pushed Court Cavendish's price down.

Takare

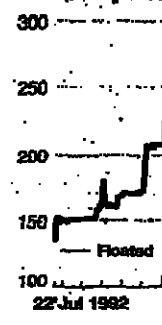
Share price (pence)



Source: Datastream

Quality Care Homes

Share price (pence)



Source: Datastream

Westminster Health Care

Share price (pence)



Source: Datastream

But one institutional investor gave another reason. He believes that Court Cavendish, placed fifth in the market behind the likes of Takare and Westminster Health Care, was overpriced given its record - or even that it should not have floated at all.

He points to its record of losses since formation four years ago and a refinancing two years ago. In effect, he says, the flotation was another refinancing exercise. Court Cavendish is using the money to repay debt of £24.6m and to fund further expansion.

Others say that Court Cavendish's policy of buying nursing homes, many converted from old, large houses with extra accommodation added, compared badly with the policy of the market leaders of building their own homes to particular specifications.

Another consideration is that the industry has been affected by the changes to the government's funding of nursing home care on April 1, which has slightly depressed occupancy rates and put some pressure on pricing.

However, most accept that this is a short term effect, and in the longer term the reforms should increase private sector provision of nursing homes.

The wider question, though, is how long this young but fast-growing industry will need to suck in new equity capital to expand.

Once established with a high occupancy rate, nursing homes are highly cash generative. But even so the rapid expansion rates of many companies, which can see demand for beds fast outstripping supply, means relatively young companies cannot finance their expansion internally.

Takare, which joined the Official List in 1989, has raised £67.2m through three equity issues, and another £50m through a 30-year debenture secured on some of its homes.

At the time of its last placing in September 1991, which raised £35.4m, Takare promised not to issue more equity for two years, hence the speculation that it will come to the market this autumn.

But Mr Anstead says Takare has sufficient bank facilities

never to come to the equity market again, although conceding this would take its gearing to 100 per cent at some future date before rising cash flow brought debt down once more. He says the company is not ruling out an equity issue but will not make one if there is not the appetite for it.

Mr Kent Phippen, finance director of Westminster Health Care, which floated in April with an issue raising £63m, says that there are early signs of a leasing market for nursing homes developing in the UK. Such a market operates well in the US, but may take a couple of years before opening here.

He believes that with many homes operated under long-term contract to health authorities, the guaranteed revenue stream should entice institutions more used to investing in office blocks.

All in all, there is still confidence that Court Cavendish's experience of apparently poor institutional demand for its shares should not put a damper on the industry as a whole.

SAVILLS plc - 1993 RESULTS

For the year ended 30 April 1993

Increased turnover £25.3m (1992 - £23.7m)

Profit £1.44m (1992 - loss £2.86m)

Final dividend 1.0p (net) per share (1992 - nil)

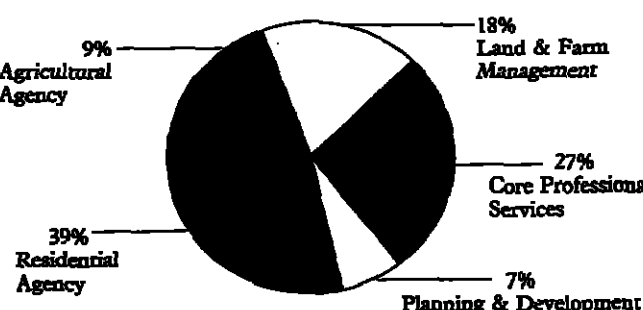
Cash net of finance leases £4.44m (1992 - £945,000)

"We do not forget that first and foremost our business depends on our clients and we shall live up to our corporate aim - to provide property services of uncompromising quality which add value to our clients' business objectives."

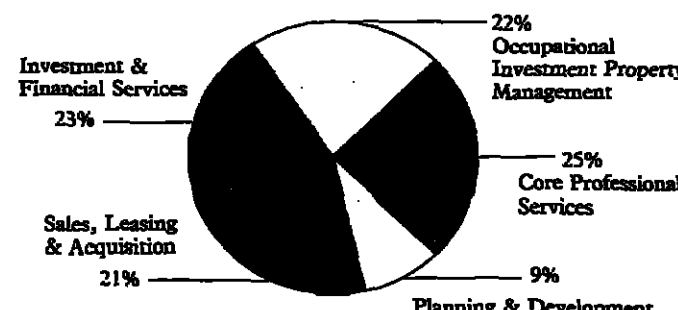
George Inge FRICS, Chairman, Savills plc

The 1992/3 fee income of the two principal subsidiaries is attributed to the following areas of business:

SAVILLS AGRICULTURAL & RESIDENTIAL



SAVILLS COMMERCIAL



For further information or a copy of the Report & Accounts, please contact:

Aubrey Adams, Managing Director Savills plc, Telephone: 071-499 8644/Fax: 071-495 3773

SAVILLS

20 Grosvenor Hill, Berkeley Square, London W1X 0HQ

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July 1993

Hemingway Properties PLC

Issue by way of a Private Placement of

£20,000,000

10 1/2 per cent. First Mortgage Debenture Stock 2023

Arranged and placed by



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COMMODITIES AND AGRICULTURE

EC proposes to extend ban on BST hormone

By David Gardner in Brussels

THE European Commission yesterday presented plans to extend its four-year-old ban on the dairy hormone bovine somatotrophin (BST) by a further seven years - mainly because the hormone's use would drive smaller dairy farmers out of business.

The commission's predominantly economic rationale for seeking a ban on the productivity-boosting hormone is based on fears that its use could disrupt finely balanced calculations for the beef and dairy sector, under last year's reform of the EC's common agricultural policy.

The commission admitted it could not find BST conclusively on veterinary, health or ethical grounds, although it pointed out that monitoring the effects of a hormone used on such a large scale could not be properly enforced.

It argued, however, that BST, which delivers milk productivity increases of 6-20 per cent, would have the effect of concentrating milk output on

larger holdings, driving smaller farmers out of business and leading to the more intensive farming that the CAP reform seeks to discourage.

Such a development would lead to increased slaughtering of dairy cows - 4-6 per cent of the EC herd, the commission said - adding to the already chronic oversupply of beef.

Moreover, the commission argued, consumer reaction against hormones was now so pronounced that authorisation of BST would lead to further declines in beef and dairy product consumption, adding further to market imbalances. Mr Rene Steichen, EC agriculture commissioner, said it would "tarnish the image of a product now considered natural and wholesome".

BST was developed largely by US multinationals like Monsanto and Eli Lilly. The US Senate has recently voted for a 15-month moratorium on its use.

Extending the EC ban on the hormone will have to gain the approval of the council of agricultural ministers.

Norway increases gas supplies to Germany

Karen Fosell in Oslo

NORWAY is to increase its supplies of natural gas to Germany by 3.5bn cubic metres a year, and has secured a price rise for gas from the giant Troll field.

The additional supplies will increase the value of Norway's gas sales to Germany by an estimated 2bn Norwegian kroner (275m) a year.

Ruhrigas of Germany has agreed to purchase an additional 2bn cu m of Norwegian gas a year and to exercise 50 per cent of a purchase option covering 1.5bn cu m a year from the Troll field. With half of the Troll purchase option exercised, Ruhrigas could exercise an option for a further 1.5bn cu m a year, but this would have to be decided by July 1 1995. Other companies with outstanding Troll purchase options, covering 5.4bn cu m of gas, include Germany's Thyssengas and BEB, Distrigaz of Belgium and Ferngas of Austria.

Under yesterday's deal, Norway's annual gas supplies to Germany will increase from 9bn cu m a year now to 22bn in the year 2005, of which 14.2bn cu m will be being purchased

by Ruhrigas. The share of Norwegian gas in Germany's overall supplies will be lifted from 14 per cent to more than 25 per cent by 2005.

A consortium of German gas buyers, including Ruhrigas, has also agreed to a price adjustment for Troll gas, which was priced at an estimated Nkr0.70 per cubic metre under the original sales agreement in 1988. The price rise marks the end of a dispute between the Germans and Norway's gas negotiating committee, which has lasted for more than a year.

Under terms of the original Troll contract, representatives of both sides were entitled to demand a price review before deliveries of the gas commenced. The Troll producers exercised that right, seeking a higher price for the gas, which also included supplies from the Statfjord, Heimdal, and Gullfaks fields. However, under the price review, negotiations are still outstanding between Norway and buyers in the Netherlands, Belgium, Austria and France.

With the additional purchases by Germany, total Norwegian gas supplies to Europe under the Troll contract will reach 44.7bn cu m by 2005.

France samples home-grown petrol

David Buchan on an unusual use for sugar and cereal products

PUT a sugar beet in your tank. Nigel Mansell did, with good effect. The British racing driver won last year's Portuguese grand prix in a Williams-Renault car running on a mixture of ordinary petrol and a biocarburant known as ETBE produced in France.

Such "green petrol" is now becoming increasingly available to ordinary French motorists and the opinion polls show that they are more than happy to use it.

Since April Elf-Aquitaine's Feyzin refinery near Lyons has been producing ETBE, or ethyl-tertio-butyl-ether. The product is a mixture of ethanol, made from sugar beet or cereals, and isobutane, an industrial product. With a capacity to make 75,000 tonnes a year, the Feyzin refinery can produce enough ETBE to put 5 per cent of the biocarburant in all the country's unleaded petrol.

To begin with Elf just added ETBE to the petrol it sold in the local Rhone-Alpes region around Feyzin, with no publicity. But emboldened by positive soundings from opinion polls the oil company is now openly marketing its ETBE mix of petrol, from specially marked pumps, in the departments of Seine-et-Marne and Essonne to the south of Paris.

A form of green diesel is also coming on to the French market. It contains a methyl ester made from rape seed oil, which is added to standard diesel fuel. It was developed in the early 1980s by a company called Sofiprotol, under the

trade mark name of Diester, to which Elf bought the exclusive distribution rights.

There are now several producers of the generic product, rape oil methyl ester, but so far it has only been sold to "captivity fleets". Shell France, for instance, announced this month that it would be supplying the 354-bus fleet of Cn in Normandy with diesel composed of one-third rape oil methyl ester. However, with the commercial advantage of the Diester brand name, Elf now plans to market it more widely.

Developing green oil is an old dream for farm-rich but energy-poor France. But the idea has been driven forward by last year's reform of the European Community's Common Agricultural Policy, particularly with its requirement that all but the smallest farmers must take 15 per cent of their land out of food production. In theory such a move could render 1.3m hectares idle in France. But, according to Jean-Pierre Le Roudier, who heads the Association for the Development of Agricultural Carburants, 1m hectares of that land could produce enough to put 5 per cent of ETBE in petrol and 5 per cent of rape oil methyl ester in diesel - and in the process minimise farmers' loss of income.

The French government has done its bit. Since last year biocarburants have been exempt from the standard petrol and diesel tax, and have proved immensely popular. In February a govern-

ment-commissioned report by Mr Raymond Levy, former president of Renault, came out in favour of continued public support for biocarburants, although he drew complaints from sugar beet producers (whose products go into ethanol, the base for petrol additives) that he was biased in favour of the rape oil additives for diesel.

But cost is crucial, says Mr Alain Guillon, Elf's head of refining and marketing. "We are ready to go on producing Diester, provided it is competitive with diesel, and to use ethanol for ETBE, provided it is competitive with methanol."

Elf started importing methanol in 1986 to produce MTBE (methyl-tertio-butyl-ether) to give petrol back the octane rating that it loses from the elimination of lead. But three years ago the company started tests to see what it could do if it replaced the imported methanol with home-grown ethanol.

One thing it decided not to do was to inject pure ethanol into petrol, as had been done widely in the US. Mr Jean-Paul Lemonde, the Feyzin refinery director, explains that the main problem with pure ethanol is that it is soluble in water and therefore more prone to contamination and be contaminated. ETBE does not have that disadvantage. Mr Pierre Varriot, head of Feyzin's steamcracker unit, admits that "isobutane is a bit harder to mix with ethanol than methanol but we have proved industrially that ETBE works". Elf "wanted to be ready with

all the technical solutions, when the farmers asked for help last year", Mr Guillon says. The oil company does big business with France's 1m-strong farming community, which it did not want to jeopardise. But he cautions that growing biocarburants is by no means a total solution to French farmers' problems. That caution was echoed in the Levy report which calculated that putting 5 per cent of biocarburants in all French fuels would only create 8,000 to 10,000 new jobs, half of them outside farming.

Furthermore, Mr Guillon warns that "all our strategy is reversible. If, for instance, the tax exemption were to disappear, then we would go back to importing methanol as a petrol additive and we would forget about adding rape oil into diesel". That is why French biocarburant producers are keen to see progress on the 1992 proposal by Mrs Christiane Scrivener, the EC tax commissioner, for a 50 per cent reduction in excise taxes on green fuels across the Community. Such a move would not only help any French exports but would also help lock the current French tax exemption in place.

Belgium, whose own oil company, Petrofina, broadly favours biocarburant development, has promised to make the Scrivener proposal a priority of its EC presidency in the second half of this year. But EC tax proposals need unanimity to pass. Behind the veto of several governments to the tax plan are some envi-



The ETBE mix is now being sold openly from marked pumps

ronmentalists, who argue that biocarburants pollute as much as fossil fuels, though in different form, and some oil compa-

nies like British Petroleum and Esso, who claim that adding natural ethanol will hurt the market for synthetic ethanol.

Nickel market likely to overcome current problems, analysts say

By Kenneth Gooding, Mining Correspondent

ABOUT one-quarter of the western world's primary nickel capacity is suffering losses at present London Metal Exchange prices, according to the AME Mineral Economics consultancy group.

However, AME and other analysts suggest that longer-term prospects for nickel are good, despite the short-term problems. The outlook "is probably better than for any of the other major base metals, with the possible exception of aluminium", says Billiton-Enthoven Metals, part of the Royal Dutch/Shell group.

Commenting on the immediate outlook, Rudolf Wolff, part of the Noranda natural resources group, suggests in its latest nickel report that prices are likely to drift down to \$4,800 a tonne or \$2.15 a pound. That is because the rate of exports from the Commonwealth of Independent States can be expected to increase but

Western World Nickel Market Balance (tonnes)					
	1992	1993*	1994*	1995*	1996*
Refined production	592,000	550,000	580,000	590,000	600,000
Net imports from former eastern bloc	112,000	95,000	90,000	90,000	90,000
Total supply	704,000	645,000	670,000	680,000	690,000
Refined consumption	618,000	630,000	670,000	700,000	720,000
Market surplus/deficit	+86,000	+15,000	-20,000	-30,000	-30,000
World stocks	175,000	190,000	190,000	170,000	140,000
Months' consumption	3.3	3.0	3.0	2.9	2.3
LME price (1992 \$/lb)	3.17	2.85	3.10	3.30	3.70

*Forecast. Source: AME Mineral Economics

production of stainless steel, the biggest consumer of nickel, is likely to fall in the second half of 1993 after a strong first-half rise of 5 per cent.

AME points out that at \$2.60 a lb - the price at the end of 1992 - seven of the production units it monitors would have been operating at a cash break-even point or worse.

According to AME, the highest-cost operators in 1992 were the Brazilian ferronickel pro-

ducers with cash costs of \$3.56-\$4.01 a lb, followed by Larco in Greece at \$3.45 and Societe Metallurgique de Nickel's Sandouville refinery in France at \$3.00. Glenbrook's Kiddie operation in the US had cash costs of \$2.73, and those at Empress Nickel's Effiel Flats refinery in Zimbabwe were \$2.70. Costs at Queensland Nickel's Yabulu operation in Australia were \$2.58 a lb.

The lowest-cost product was

nickel oxide from the Matsuzaki refinery in Japan at \$1.14 a lb. The refinery was supplied by Inco's Ontario mines and the Copper Cliff smelter.

Among the big producers, the lowest-cost producers last year were Western Mining in Australia with estimated cash costs of \$1.60; Inco's Canadian Thompson smelter at \$1.71 and Copper Cliff at \$2.06; and Clydach UK at \$2.23. Falconbridge of Canada, at \$2.10, was the

highest-cost producer among the five big producers.

AME's study predicts that refined nickel output in the western world should bottom out at 550,000 tonnes this year, after 592,000 tonnes in 1992. Demand is expected to rise to 630,000 tonnes this year, up from 617,000 tonnes.

Analysts believe net imports to the west from the eastern bloc - mainly from Russia but also from Cuba - will continue at a relatively high level. AME suggests those imports will total 95,000 tonnes this year, down from 112,000 tonnes.

In its latest study of the nickel market, Billiton points out that new imports from the eastern bloc accounted for 18 per cent of total consumption in 1991 and 1992. "While we believe that, for a variety of reasons, exports from the CIS to the west will decline over the next few years, we nevertheless conclude that they will remain substantial in volume for the foreseeable future. On the other hand, exports from

the west to China will probably continue to increase. On balance, however, the west will remain a significant net importer of nickel."

Billiton says primary nickel production in the west will fall by 30,000 tonnes from its 1992 record of 695,000 tonnes but, because of the imports, a supply surplus will remain. Billiton forecasts an average price of \$2.60 a lb for 1993, \$3.25 for next year and \$4.00 for 1995.

Rudolf Wolff expects CIS exports to be about 80,000 tonnes this year and to lead to a supply surplus of 10,000 tonnes. It suggests prices above \$5,300 a tonne (\$2.40 a lb) are likely to be "capped" by this surplus supply.

New Legs for Nickel: from AME Mineral Economics, 352 Kent Street, Sydney, NSW 2000, Australia. Nickel Market Report: from Billiton-Enthoven Metals, 84 Fenchurch Street, London EC3M 4BY, UK. Nickel Update: from Rudolf Wolff, Plantation House, 31 Fenchurch Street, London EC3M 3DX, UK.

WORLD COMMODITIES PRICES

MARKET REPORT

COPPER prices staged a

substantial recovery yesterday after sustaining heavy falls earlier in the week. Dealers attributed the rise, which lifted the three months position at the London Metal Exchange by \$45 to \$1,921.50 at the close, mainly to technical factors, notably Far Eastern options buying and tightness around the three months delivery period. But they saw little in the way of fundamental demand to sustain the market and thought it could be "riding for a fall" when the tightness wore off. ALUMINIUM also rallied, the three months price closing \$27.25 up at \$1,203.50.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB/SEP)	+ or -
Brent	\$14.38-4.40 -0.8
Dubai	\$14.45-4.48 -0.8
Brent Blend (dated)	\$14.45-4.48 -0.8
Brent Blend (Sep)	\$14.45-4.48 -0.8
WTI (1 pm sep)	\$17.26-7.30 -0.48

OIL PRICES

(NVE prompt delivery per tonne CIF)

Premium Gasoline	\$197-198 -1
Gas Oil	\$199-198 -1
Heavy Fuel Oil	\$202-201 -1
Naphtha	\$197-198 -1

Other

(+ or -)

Gold (per troy oz)	\$392.25 -1.5
Silver (per troy oz)	\$47.5 -3
Platinum (per troy oz)	\$407.25 -6
Palladium (per troy oz)	\$138.50 +1.75

Copper (US Producer)

Lead (US Producer)

Tin (Korea Lumper market)

Tin (Korea Lumper market)

Zinc (US Prime Western)

Cattle (live weight)

Sheep (live weight)

Pigs (live weight)

London daily sugar (raw)

London daily sugar (white)

Tale and Lyle export price

Barley (English feed)

Melons (US No 3 yellow)

Wheat (US Dark Northern)

Rubber (Aug/Feb)

Rubber (Sep/Feb)

Rubber (Jul/Dec 1st Jul)

Cocoa oil (Philippines)

Palm Oil (Malaysia)

Copra (Philippines)

Soyabean (US)

Cotton "A" index

Wool (New Zealand)

Wool (New Zealand)

Wool (New Zealand)

Wool (New Zealand)

Wool (New Zealand)

Wool (New Zealand)

Wool (New Zealand)

Wool (New Zealand)

Wool (New Zealand)

Wool (New Zealand)

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COCOA - LCE

(\$/tonne)

	Close	Previous	High/Low
Jul	748	754	750-758
Aug	759	748	748-754
Dec	767	756	751-755
Mar	781	768	768-786
May	791	778	774-779
Jul	799	788	803-788
Sep	811	798	810-809
Dec	828	812	824-822
Mar	857	826	840-835
May	845	827	841-839

Turnover: 8620 (4707) lots of 10 tonnes

ICE index price (50% per pound). Daily price for Jul 15 783.57 (783.58) 10 day average for Jul 14 782.21 (748.72)

COFFEE - LCE

(\$/tonne)

	Close	Previous	High/Low
Jul	981	972	981-982
Sep	998	1000	1010-1015
Nov	1002	1000	1010-1015
Jan	1004	1007	1011-1016
Mar	1003	1008	1010-1010
May	1006	1008	1014-1015

Turnover: 5628 (996) lots of 5 tonnes

ICE index price (50% per pound). Daily price for Jul 15 783.57 (783.58) 10 day average for Jul 14 782.21 (748.72)

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Trust	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	99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CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKET FUNDS

FOREIGN EXCHANGES

No holiday for the ERM

Several European central banks spent the French Bastille day holiday intervening to support existing ERM parities, writes Stephanie Flinders.

Both the French franc and the Danish krone were under persistent speculative pressure yesterday, despite a limited cut in the German repo rate, frequent intervention by the German, French, Danish and Dutch central banks and a vow of support from France's President Mitterrand.

The Danish currency began the day at the bottom of the ERM grid. Traders claimed that the Dutch and Danish governments had intervened in the market repeatedly during the day. The Krone closed at DKR3.861 against the D-Mark, only slightly above its floor of DKR3.8016. Also catching the markets' attention was the Spanish peseta, which lost more than 1.5 pesetas against the D-Mark to close at 78.70.

Many traders thought that the Krone and the Spanish peseta had diverted speculators' energies from the franc, but it was not left untouched. The French currency lost ground during the night and in morning trading on European markets, at times touching the

FFr3.42 level for the first time this week.

Analysts were unimpressed with the 2 basis points cut in the German repo rate, taking it as a sign that there will be no cut in official German rates at today's Bundesbank meeting. However, many market traders are still looking for a German cut, and may react aggressively if this does not transpire.

Frequent small but public interventions by the Bundesbank held the franc within a FFr3.415-3.420 range. But the Bank of France also intervened, using a large commercial bank as an intermediary to purchase francs outside the country. The French unit closed in London at FFr3.417 against the D-Mark, down from the previous day's FFr3.414.

In stark contrast to events on the continent, sterling yesterday continued to make steady gains against the dollar and the D-Mark. Sterling

closed at \$1.5025, nearly a cent higher than the previous close of \$1.493. It showed even more strength against the ERM currencies, gaining nearly a pence to close at the DM2.5775.

In recent months, a number of dealers have claimed that DM2.58 was an important barrier. Although the pound may be experiencing some 'safe haven' gains from developments in the ERM, many in the market consider the British currency's recent strength to be long term. "The rise in sterling is a continuation of the effect of Tuesday's output figures," commented one London dealer. "It is driven more by the all-round positive outlook for the economy, than any temporary ERM excitement."

The dollar weakened considerably, with subdued US producer price figures and profit taking between them taking the US currency down from yesterday's close of DM 1.721 to close at DM1.716.

EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Rate	% Change	% Spread	Overnight
Portuguese Escudo	100	182.854	-0.001	4.85	42
Spanish Peseta	100	166.386	-0.001	2.22	22
Dutch Guilder	100	2.36367	-0.001	3.27	29
Italian Lira	1,000	336.363	-0.001	2.14	31
D-Mark	100	1.93634	-0.001	0.24	30
French Franc	100	6.55957	-0.001	1.38	31
British Pound	100	7.46376	-0.001	0.00	-77

EU central bank set by the European Commission. Currencies are in descending order of strength. Percentage change and spread are for ECU. A positive change denotes a week currency. Overights show the rate between two consecutive days. The percentage difference between the actual market rate and the ECU central bank rate for a currency, and the percentage difference between the actual market rate and the ECU central bank rate for a currency, and the percentage difference between the actual market rate and the ECU central bank rate for a currency.

Forward premiums and discounts apply to the US dollar.

£ IN NEW YORK

Jul 14	Jul 15	Previous
Spot	1.5015-1.5025	1.4975-1.4985
1 month	1.5015-1.5025	1.4975-1.4985
3 months	1.5015-1.5025	1.4975-1.4985
12 months	1.5015-1.5025	1.4975-1.4985

STERLING INDEX

Jul 14	Jul 15	Previous
US	100.00	100.00
UK	100.00	100.00
FR	100.00	100.00
DE	100.00	100.00
IT	100.00	100.00
ES	100.00	100.00
PT	100.00	100.00
DK	100.00	100.00
NL	100.00	100.00
BE	100.00	100.00
GR	100.00	100.00
IR	100.00	100.00
IS	100.00	100.00
JP	100.00	100.00
SE	100.00	100.00
FI	100.00	100.00
NO	100.00	100.00
DK	100.00	100.00
IS	100.00	100.00
JP	100.00	100.00
SE	100.00	100.00
FI	100.00	100.00
NO	100.00	100.00

CURRENCY RATES

Jul 14	Jul 15	Previous
US	1.5015-1.5025	1.4975-1.4985
UK	1.5015-1.5025	1.4975-1.4985
FR	1.5015-1.5025	1.4975-1.4985
DE	1.5015-1.5025	1.4975-1.4985
IT	1.5015-1.5025	1.4975-1.4985
ES	1.5015-1.5025	1.4975-1.4985
PT	1.5015-1.5025	1.4975-1.4985
DK	1.5015-1.5025	1.4975-1.4985
NL	1.5015-1.5025	1.4975-1.4985
BE	1.5015-1.5025	1.4975-1.4985
GR	1.5015-1.5025	1.4975-1.4985
IR	1.5015-1.5025	1.4975-1.4985
IS	1.5015-1.5025	1.4975-1.4985
JP	1.5015-1.5025	1.4975-1.4985
SE	1.5015-1.5025	1.4975-1.4985
FI	1.5015-1.5025	1.4975-1.4985
NO	1.5015-1.5025	1.4975-1.4985
DK	1.5015-1.5025	1.4975-1.4985
IS	1.5015-1.5025	1.4975-1.4985
JP	1.5015-1.5025	1.4975-1.4985
SE	1.5015-1.5025	1.4975-1.4985
FI	1.5015-1.5025	1.4975-1.4985
NO	1.5015-1.5025	1.4975-1.4985

CURRENCY MOVEMENTS

Jul 14	Jul 15	Previous
US	1.5015-1.5025	1.4975-1.4985
UK	1.5015-1.5025	1.4975-1.4985
FR	1.5015-1.5025	1.4975-1.4985
DE	1.5015-1.5025	1.4975-1.4985
IT	1.5015-1.5025	1.4975-1.4985
ES	1.5015-1.5025	1.4975-1.4985
PT	1.5015-1.5025	1.4975-1.4985
DK	1.5015-1.5025	1.4975-1.4985
NL	1.5015-1.5025	1.4975-1.4985
BE	1.5015-1.5025	1.4975-1.4985
GR	1.5015-1.5025	1.4975-1.4985
IR	1.5015-1.5025	1.4975-1.4985
IS	1.5015-1.5025	1.4975-1.4985
JP	1.5015-1.5025	1.4975-1.4985
SE	1.5015-1.5025	1.4975-1.4985
FI	1.5015-1.5025	1.4975-1.4985
NO	1.5015-1.5025	1.4975-1.4985
DK	1.5015-1.5025	1.4975-1.4985
IS	1.5015-1.5025	1.4975-1.4985
JP	1.5015-1.5025	1.4975-1.4985
SE	1.5015-1.5025	1.4975-1.4985
FI	1.5015-1.5025	1.4975-1.4985
NO	1.5015-1.5025	1.4975-1.4985

OTHER CURRENCIES

Jul 14	Jul 15	Previous
US	1.5015-1.5025	1.4975-1.4985
UK	1.5015-1.5025	1.4975-1.4985
FR	1.5015-1.5025	1.4975-1.4985
DE	1.5015-1.5025	1.4975-1.4985
IT	1.5015-1.5025	1.4975-1.4985
ES	1.5015-1.5025	1.4975-1.4985
PT	1.5015-1.5025	1.4975-1.4985
DK	1.5015-1.5025	1.4975-1.4985
NL	1.5015-1.5025	1.4975-1.4985
BE	1.5015-1.5025	1.4975-1.4985
GR	1.5015-1.5025	1.4975-1.4985
IR	1.5015-1.5025	1.4975-1.4985
IS	1.5015-1.5025	1.4975-1.4985
JP	1.5015-1.5025	1.4975-1.4985
SE	1.5015-1.5025	1.4975-1.4985
FI	1.5015-1.5025	1.4975-1.4985
NO	1.5015-1.5025	1.4975-1.4985
DK	1.5015-1.5025	1.4975-1.4985
IS	1.5015-1.5025	1.4975-1.4985
JP	1.5015-1.5025	1.4975-1.4985
SE	1.5015-1.5025	1.4975-1.4985
FI	1.5015-1.5025	1.4975-1.4985
NO	1.5015-1.5025	1.4975-1.4985

EXCHANGE CROSS RATES

Jul 14	Jul 15	Previous
US	1.5015-1.5025	1.4975-1.4985
UK	1.5015-1.5025	1.4975-1.4985
FR	1.5015-1.5025	1.4975-1.4985
DE	1.5015-1.5025	1.4975-1.4985
IT	1.5015-1.5025	1.4975-1.4985
ES	1.5015-1.5025	1.4975-1.4985
PT	1.5015-1.5025	1.4975-1.4985
DK	1.5015-1.5025	1.4975-1.4985
NL	1.5015-1.5025	1.4975-1.4985
BE	1.5015-1.5025	1.4975-1.4985
GR	1.5015-1.5025	1.4975-1.4985
IR	1.5015-1.5025	1.4975-1.4985
IS	1.5015-1.5025	1.4975-1.4985
JP	1.5015-1.5025	1.4975-1.4985
SE	1.5015-1.5025	1.4975-1.4985
FI	1.5015-1.5025	1.4975-1.4985
NO	1.5015-1.5025	1.4975-1.4985
DK	1.5015-1.5025	1.4975-1.4985
IS	1.5015-1.5025	1.4975-1.4985
JP	1.5015-1.5025	1.4975-1.4985
SE	1.5015-1.5025	1.4975-1.4985
FI	1.5015-1.5025	1.4975-1.4985
NO	1.5015-1.5025	1.4975-1.4985

FINANCIAL FUTURES AND OPTIONS

Strike	Call	Put	Settlement
100	0.01	0.01	0.01
105	0.02	0.02	0.02
110	0.03	0.03	0.03
115	0.04	0.04	0.04
120	0.05	0.05	0.05
125	0.06	0.06	0.06
130	0.07	0.07	0.07
135	0.08	0.08	0.08
140	0.09	0.09	0.09
145	0.10	0.10	0.10
150	0.11	0.11	0.11
155	0.12	0.12	0.12
160	0.13	0.13	0.13
165	0.14	0.14	0.14
170	0.15	0.15	0.15
175	0.16	0.16	0.16
180	0.17	0.17	0.17
185	0.18	0.18	0.18
190	0.19	0.19	0.19
195	0.20	0.20	0.20
200	0.21	0.21	0.21
205	0.22	0.22	0.22
210	0.23	0.23	0.23
215	0.24	0.24	0.24
220	0.25	0.25	0.25
225	0.26	0.26	0.26
230	0.27	0.27	0.27
235	0.28	0.28	0.28
240	0.29	0.29	0.29
245	0.30	0.30	0.30
250	0.31	0.31	0.31
255	0.32	0.32	0.32
260	0.33	0.33	0.33
265	0.34	0.34	0.34
270	0.35	0.35	0.35
275	0.36	0.36	0.36
280	0.37	0.37	0.37
285	0.38	0.38	0.38
290	0.39	0.39	0.39
295	0.40	0.40	0.40
300	0.41	0.41	0.41
305	0.42	0.42	0.42
310	0.43	0.43	0.43
315	0.44	0.44	0.44
320	0.45	0.45	0.45
325	0.46	0.46	0.46
330	0.47	0.47	0.47
335	0.48	0.48	0.48
340	0.49	0.49	0.49
345	0.50	0.50	0.50
350	0.51	0.51	0.51
355	0.52	0.52	0.52
360	0.53	0.53	0.53
365	0.54	0.54	0.54
370	0.55	0.55	0.55
375	0.56	0.56	0.56
380	0.57	0.57	0.57
385	0.58	0.58	0.58
390	0.59	0.59	0.59
395	0.60	0.60	0.60
400	0.61	0.61	0.61
405	0.62	0.62	0.62
410	0.63	0.63	0.63
415	0.64	0.64	0.64
420	0.65	0.65	0.65
425	0.66	0.66	0.66
430	0.67	0.67	0.67
435	0.68	0.68	0.68
440	0.69	0.69	0.69
445	0.70	0.70	0.70
450	0.71	0.71	0.71
455	0.72	0.72	0.72
460	0.73	0.73	0.73
465	0.74	0.74	0.74
470	0.75	0.75	0.75
475	0.76	0.76	0.76
480	0.77	0.77	0.77
485	0.78	0.78	0.78
490	0.79	0.79	0.79
495	0.80	0.80	0.80
500	0.81	0.81	0.81
505	0.82	0.82	0.82
510	0.83	0.83	0.83
515	0.84	0.84	0.84
520	0.85	0.85	0.85
525	0.86	0.86	0.86
530	0.87	0.87	0.87
535	0.88	0.88	0.88
540	0.89	0.89	0.89
545	0.90	0.90	0.90
550	0.91	0.91	0.91
555	0.92	0.92	0.92
560	0.93	0.93	0.93
565	0.94	0.94	0.94
570	0.95	0.95	0.95
575	0.96	0.96	0.96
580	0.97	0.97	0.97
585	0.98	0.98	0.98
590	0.99	0.99	0.99
595	1.00	1.00	1.00
600	1.01	1.01	1.01
605	1.02	1.02	1.02
610	1.03	1.03	1.03
615	1.04	1.04	1.04
620	1.05	1.05	1.05
625	1.06	1.06	1.06

CANADA

Sales	Stock	High	Low	Close	Chg	Sales	Stock	High	Low	Chg
TORONTO										
<i>4 pm close July 14</i>										
Quotations in cents unless noted \$										
1395	Alberga	\$143 ¹ / ₂	134 ¹ / ₂	134 ¹ / ₂		70187	Esch Day Ltd	\$184 ¹ / ₂	184 ¹ / ₂	
112128	Amplagra	\$114 ¹ / ₂	105 ¹ / ₂	104 ¹ / ₂	-1 ¹ / ₂	70189	Essex Ltd	\$7 ¹ / ₂	7 ¹ / ₂	
21318	Air Can	\$25 ¹ / ₂	24 ¹ / ₂	24 ¹ / ₂	-10	1000	Empire's	\$129 ¹ / ₂	129 ¹ / ₂	
5000	Albair Co	\$9 ¹ / ₂	8 ¹ / ₂	8 ¹ / ₂		3275	Essex	\$12 ¹ / ₂	12 ¹ / ₂	
4928	Albairco	\$8 ¹ / ₂	7 ¹ / ₂	7 ¹ / ₂			Essex	\$50	50	
50708	Albairco	\$17 ¹ / ₂	17 ¹ / ₂	17 ¹ / ₂		8389	Financing	\$17 ¹ / ₂	17 ¹ / ₂	
105540	Albairco	\$14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂		3360	Fort	\$15 ¹ / ₂	15 ¹ / ₂	
14800	Albair	\$21 ¹ / ₂	21 ¹ / ₂	21 ¹ / ₂		52200	Four Seasons	\$17 ¹ / ₂	17 ¹ / ₂	
						18100	Frederick	\$8 ¹ / ₂	8 ¹ / ₂	
83	Albair's	\$25 ¹ / ₂	25 ¹ / ₂	25 ¹ / ₂		1100	Garuda	\$18 ¹ / ₂	18 ¹ / ₂	
105370	Albair's	\$25 ¹ / ₂	25 ¹ / ₂	25 ¹ / ₂		20339	Garratt	\$37 ¹ / ₂	37 ¹ / ₂	
59600	BC Sugar	\$94 ¹ / ₂	94 ¹ / ₂	94 ¹ / ₂		33833	Garratt	\$10 ¹ / ₂	10 ¹ / ₂	
118087	BC Sugar	\$94 ¹ / ₂	94 ¹ / ₂	94 ¹ / ₂		33843	Garratt	\$10 ¹ / ₂	10 ¹ / ₂	
72600	Bellco	\$18 ¹ / ₂	18 ¹ / ₂	18 ¹ / ₂		33843	Garratt	\$10 ¹ / ₂	10 ¹ / ₂	
111624	Bellco	\$18 ¹ / ₂	18 ¹ / ₂	18 ¹ / ₂		33843	Garratt	\$10 ¹ / ₂	10 ¹ / ₂	
500330	Bellco's	\$14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂		31329	Garratt	\$30	30	
34528	Bellco's	\$14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂		33722	Garf Co	\$17 ¹ / ₂	17 ¹ / ₂	
25400	Bellco's	\$14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂		4000	Garf Co	\$8 ¹ / ₂	8 ¹ / ₂	
20291	Bellco's	\$14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂		300	Garf Co	\$8 ¹ / ₂	8 ¹ / ₂	
60000	Bellco's	\$14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂		300	Garf Co	\$8 ¹ / ₂	8 ¹ / ₂	
7272	Bellco's	\$14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂		300	Garf Co	\$8 ¹ / ₂	8 ¹ / ₂	
4304	Bellco's	\$14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂		300	Garf Co	\$8 ¹ / ₂	8 ¹ / ₂	
4	Bellco's	\$14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂		300	Garf Co	\$8 ¹ / ₂	8 ¹ / ₂	
107186	CAC Inc	\$48	48	48		1400	Harris & A	\$9 ¹ / ₂	9 ¹ / ₂	
181580	Canada	\$18 ¹ / ₂	18 ¹ / ₂	18 ¹ / ₂		100	Harris & A	\$9 ¹ / ₂	9 ¹ / ₂	
56400	Canada	\$18 ¹ / ₂	18 ¹ / ₂	18 ¹ / ₂		100	Harris & A	\$9 ¹ / ₂	9 ¹ / ₂	

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Company	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Industrial	510.29	510.68	503.46	503.85	523.18	483.48	524.38	501.98
					(102)	(102)	(102)	(102)
Financial	45.32	44.65	43.73	45.87	46.67	35.88	46.67	46.67
					(134)	(91)	(134)	(134)
World	248.38	245.64	245.18	248.35	251.35	228.21	251.26	251.26
					(152)	(152)	(152)	(152)
Asset Mkt. Value	481.17	428.10	424.57	422.53	449.35	392.64	442.35	442.35
					(46)	(91)	(46)	(46)
NASDAQ Composite	708.47	707.37	705.81	702.71	708.35	645.93	705.85	705.85
					(62)	(25)	(62)	(62)

	July 9	July 2	June 25	year ago in
Dow Industrial Div. Yield	2.33	2.36	2.35	3.13
	Jul 7	Jun 30	Jun 23	year ago in
S & P Industrial div. yield	2.58	2.51	2.55	2.88
S & P Ind. P/E ratio	24.86	25.42	25.04	26.45

NEW YORK STOCK EXCHANGE			TRADING ACTIVITY	
Stocks	Closing	Change	Volume	Millions

19/03/23	CAC General (17/03/21)	jd	545.85	546.72	546.04	547.42 (28/2)	477.21 (23/1)
5.69	CAC General (17/03/21)	jd	159.15	162.72	166.10	203.81 (24/2)	171.24 (23/1)
19/03/23	FAZ General (17/03/21)	700.50	694.06	687.22	658.30	700.57 (14/7)	598.32 (14/7)
5.64	FAZ General (17/03/21)	139.84	128.62	108.72	118.72	149.28 (14/7)	128.14 (14/7)
19/03/23	FAZ General (17/03/21)	701.55	130.17	166.12	179.41	198.17 (23/2)	154.50 (13/2)
4.48	HONG KONG	885.50	859.10	869.59	707.81	741.74 (27/2)	657.20 (24/2)
25/04/06	HONG KONG						
19/03/23	IRELAND	1855.50	161.31	1817.67	1515.03	1855.59 (14/7)	1431.18 (11/1)
23.07	IRELAND						
19/03/23	ITALY	538.05	547.33	546.04	544.24	558.17 (29/2)	482.33 (30/1)
19/03/23	ITALY	123.00	139.10	126.65	129.10	123.00 (29/2)	96.20 (30/1)
19/03/23	JAPAN	370.91	11.21	199.00	187.79	203.60 (24/2)	1502.45 (25/1)
19/03/23	JAPAN	161.50	163.21	161.33	168.62	167.13 (24/2)	159.20 (24/2)
19/03/23	JAPAN	222.65	222.51	222.62	221.32	228.64 (27/2)	181.72 (26/1)
19/03/23	Malaysia	713.10	713.16	722.92	724.05	742.33 (19/2)	614.28 (13/1)
19/03/23	NETHERLANDS	552.4	33.51	35.43	35.40	33.50 (12/2)	295.70 (12/1)
19/03/23	NORWAY	221.2	231.7	225.2	225.3	225.30 (12/2)	190.00 (13/1)

Home Shopping	3,686,700	14½	+	1½	New York SE	234,230	202,471
Harvard	3,577,300	12½	+	1½	Ameris	26,215	17,133
Wal-Mart Stores	3,156,600	35½	+	½	MASDAQ		58,516
West Group	2,659,100	37½	-	¼			
Philip Morris	2,649,200	20½	-	¾	NYSE		
Dan Dini	2,622,800	88½	-	1½	Index Traded	2,571	2,558
Popesco	2,358,000	35	+	½	Bills	947	1,604
Motorola	2,258,700	89½	+	2½	Flats	965	868
Merck	2,236,700	34½	-	¼	Uncollected	654	654
Sunshine Mining	2,067,700	3½	-	½	New Rights	125	125
					New Lines	24	23

CANADA		TORONTO					
	July	July	July	July			
	15	12	8	8	HSQX	L	
Index & Indices	2864.88	2865.82	2914.78	2859.75	3030.48 (D)	2743.7	
Composite	3551.7	3550.50	3527.49	3520.90	3587.72 (D)	3575.6	
MONTREAL Portfolio	1059.89	1050.07	1068.16	1084.3C	1039.10 (25%)	1720.	

Some values of all indices are 190 except NYSE All Countries - 50; Standard and Poor's - 475; & Dow Jones Industrial - 1000. Toronto Indexes based 1925 and Shoppers' 1976. 1% Discounting. Includes US Stocks, Financial and Transportation, all Foreign, all Unavailable, & The Dow Jones Industrial Average. The Dow Jones Industrial Average is the average of the highest and lowest prices reached during the day by 30 stocks. The actual daily highs and lows accepted by VolumeNet represent the highest and lowest values reached during the day. (See figures in brackets are previous day's data.) Subject to official recalculation.

TOKYO		
Wed		
	Stocks	Closing
	Traded	Prices
	17,800	24
Nikkei225		
Kawasaki Steel	5.3m	343
Yamaha	4.1m	344
Sanyo Group Ltd	3.1m	1,090
Yokohama Specie	4.1m	373

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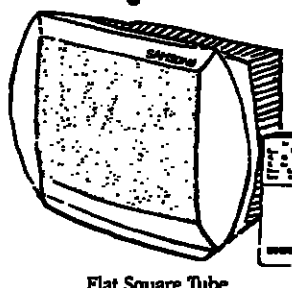
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FINANCIAL TIMES

Perrier battle ends with something for everyone

The Perrier battle has ended with a victory for everyone. The French company has agreed to sell its 50% stake in the British company to the British company's shareholders. The deal is worth £1.2 billion. The British company will now be a public company. The French company will retain its 50% stake in the British company. The deal is expected to be completed by the end of the year.

FINANCIAL TIMES

Perrier battle ends with something for everyone

The Perrier battle has ended with a victory for everyone. The French company has agreed to sell its 50% stake in the British company to the British company's shareholders. The deal is worth £1.2 billion. The British company will now be 100% owned by its shareholders. The French company will receive £1.2 billion in cash. The deal is expected to be completed by the end of the year.

AMERICA

US stocks post strong gains as bond yields fall

Wall Street

US share prices posted strong gains yesterday as bond yields fell to record lows following another set of bullish inflation figures, writes Patrick Harverton in New York.

At 1 p.m., the Dow Jones Industrial Average was up 28.22 at 3,543.56. The more broadly based Standard & Poor's 500 was 2.87 higher at 450.76, while the Amex composite, which has outperformed other indices lately, was down 0.79 at 436.32. The Nasdaq composite rose 3.64 to 712.11, a new record high. NYSE volume was 188m shares by 1 p.m.

Good inflation news and falling bond yields ended three days of weak, indecisive trading. Prices climbed from the opening after the labor department announced that its consumer price index was unchanged in June.

This delighted dealers and investors who, earlier this year, feared that inflation was making a comeback. Analysts were particularly encouraged by the paltry 0.1 per cent increase in the "core" CPI, which excludes the volatile food and energy components.

Not only was the CPI data good news in itself, but the figures spurred heavy buying of Treasury securities. The demand lifted the benchmark 30-year bond almost 1/4 a point, lowering the yield to below 6.6 per cent for the first time since 1977, when the Treasury began issuing the 30-year bond on a regular basis. Equity investors like falling bond yields because they lower the cost of borrowing for US corporations, and low interest rates can lure money away from short-term assets and into stocks.

Among individual stocks, second quarter earnings continued to dominate trading. General Electric firmed 3/8 to \$98 after the company posted a 10 per cent increase in quar-

EUROPE

Stet up 7% on telecoms restructuring plan

A SLIGHT easing of pressure on the French franc and a modest cut in the German repo rate steadied nerves as attention turned to the Buba meeting today. Paris was closed for a public holiday.

MILAN, encouraged by the long awaited statement on the restructuring of the telecommunications sector, moved ahead, while technical trading ahead of today's end of the monthly account also lifted prices.

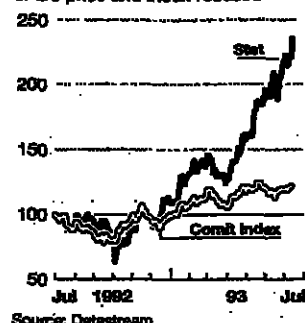
The Comit index closed up 7.53 or 1.45 per cent to 553.66. While the broad details of the restructuring of the telecom sector has been in the market for some time, the lack of other positive news recently has focused investors' attention on this area, said Mr John Stewart of Milan brokers, Pastoro.

Stet also gained on news of its five year convertible bond, convertible into 51p savings shares. The stock rose 1.54 or 7.3 per cent to L3.91.

Against a day's high of 1.81, Stet's interest rate cut hopes abated, but tomorrow's expiry

Italy

Share price and index rebound



Source: Datastream

Telecom Italia on January 1, 1994, showed respective gains of L316 and L86 to L7,890 and L3,811.

Reports that Fiat might be seeking to reduce its shareholding in Gemina, the merchant bank, lifted the latter's price L38 to L1,390, while Fiat gained L108 to L6,495.

FRANKFURT closed mixed, the DAX index rising 4.39 to 1,811.55 against a day's high of 1,821.31. Interest rate cut hopes abated, but tomorrow's expiry

of equity options traded on the Deutsche Terminbörse boosted interest in some blue chips. Turnover was DM9.6bn.

Daimler rose DM9 to DM673 after two news items: first, that an S-class revamp would produce a lighter, more fuel efficient car, and, secondly, on the state of Bavaria's plan to sell its 8 per cent stake in the group's Deutsche Aerospace subsidiary.

Metallgesellschaft added DM9.50 to recent gains which have taken it up by nearly a quarter in less than a month. It was boosted by an announcement from MG's Metall Mining Corp confirming rumours that it was considering forming a new unit to hold its gold assets, dealers said. Mr David Morgan at Lehman Brothers in London observed that MG is a reflection of base metal prices, not a bull point, and a guide to the health of German manufacturing industry, which is debatable.

In steel, Krupp Hoesch climbed DM7.10 to DM132.60 and Thyssen by DM5.20 to DM212. Mr Morgan said that

FI-SE Actuaries Share Indices

		THE EUROPEAN SERIES									
		July 14	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close	
FI-SE Eurotrack 100	1236.77	1237.78	1237.83	1238.37	1236.55	1235.86	1236.91	1237.14	1237.14	1237.14	
FI-SE Eurotrack 200	1282.25	1284.33	1283.61	1285.05	1282.82	1285.07	1282.87	1282.87	1282.87	1282.87	
		Jul 13	Jul 12	Jul 9	Jul 8	Jul 7					
FI-SE Eurotrack 100	1235.91	1232.90	1230.56	1225.73	1211.33	1211.33					
FI-SE Eurotrack 200	1279.32	1274.63	1274.12	1270.80	1260.04	1260.04					

Base value 1000 (January 1992). Source: IFC, 12.00.200 - 12.00.200 - 12.00.200 - 12.00.200 - 12.00.200

Thyssen has indicated that the worst is over in its steel division and that Krupp Hoesch, highly geared and in the midst of very deep restructuring, is another bet on German economic recovery.

The energy, chemicals and metals group, Viag, rose DM6.80 to DM293.00 on the confirmation that it would maintain its 1993 dividend; and Henkel, which makes Persil, fell DM9.50 to DM550.20 although it said that it saw no reasons for a global price war in detergents, following drastic price cuts by Procter & Gamble in the US.

AMSTERDAM returned to a positive stance in spite of a fur-

cent rise in Arbed, the Luxembourg-based steel maker, up BF7.80 to BF73.500, while the Bel-20 index eased 0.41 lower to 1,328.13.

STOCKHOLM gathered ground for the seventh straight session, assisted by a SKI-13 rise in Ericsson B to SKI368. The Affarsvärlden general index rose 5.20 to 1,139.80.

DUBLIN extended its rally as retail investors bought into Bank of Ireland before it goes ex rights today, and shares in the major Irish food processors surged to new all-time highs on the back of positive sentiment towards the sector.

The ISSE overall index rose 15.78, or 1 per cent to 1,836.59, its financial component putting in a 1.2 per cent per cent gain. In foods, said Mr Aidan McGuire of Davy Stockbrokers, Avonmore's 3.5p rise to 167p left it up 10p on the week on a combination of earnings and rating upgrades, while Green-core, 6.5p higher at 332.5p put itself 32.5p ahead of the placing price for the Bank of Ireland stake of 9.6m shares earlier this week.

BRUSSELS noted a 12 per

ASIA PACIFIC

Nikkei eases as Pacific Rim indices move narrowly

Tokyo

SHARE prices moved in a narrow range following Tuesday's rise to above 20,000 for the Nikkei average, which closed marginally lower yesterday after fluctuating on profit-taking and arbitrage buying, writes Emiko Terazono in Tokyo.

The Nikkei was finally off 41.31 at 20,139.11, its first decline in four trading days. It rose to a day's high of 20,207.52 just after the opening but slipped later on arbitrage unwinding and profit-taking, setting a day's low of 20,030.30.

Volume totalled 300m shares, against 331.7m. Bises led falls by 485 to 476, with 185 issues unchanged. The Tox index of all first section stocks shed 3.73 to 1,631.58. In London the FTSE/Nikkei 50 index put on 1.09 at 1,240.37.

Equities were supported by hopes that monetary or fiscal

support would be implemented by the new government to be elected this weekend.

The new cabinet - probably a coalition around a core conservative party - is likely to try to build support through income tax cuts. A fiscal stimulus package is unlikely to be implemented, thought traders, due to the lack of a kingpin figure to orchestrate the various interests of politicians and ministries. The Bank of Japan, meanwhile, may be reluctant to cut the official discount rate due to fears of deflation.

Mr Yasushi Ueki at Nikko Securities said that while a large loss by the ruling Liberal Democratic party would damage investor sentiment, an unexpected victory, on the other hand, would also be a negative factor for shares. "It will mean a return to the old corrupt ways," he explained.

On the trading floor, Gajoon Kanako, a hotel and restaurant

operator, was suspended in the afternoon session due to reports that Drenan, an unlisted pachinko pinball operator which holds a large stake in Gajoon, had filed for court protection under the bankruptcy law.

Gifu Bank, a regional bank in which Drenan has a 5.5 per cent holding, fell Y45 to Y535.

Kirin Brewery, the industry leader, lost Y20 to Y1,280 on reports that four company officials had been arrested for paying off racketeers.

Profit-taking depressed bank shares, which gained on Tuesday on hopes of credit easing. Industrial Bank of Japan retreated Y20 to Y3,120.

In Osaka, the OSE average dipped 31.47 to 22,157.43 in volume of 23.3m shares.

Roundup

INDIVIDUAL equities and sectors moved more than indices

on the Pacific Basin markets. AUSTRALIA saw strength in National Australia Bank, heavy trade in Woolworths and profit-taking in golds bring the All Ordinaries index into balance at a close just 0.3 higher at 1,804.5 in turnover of A\$348.8m.

National Australia finished 24 cents ahead at A\$10.30, after reaching A\$10.32. Woolworths followed its successful market debut, topping the active stocks list with 9.9m shares traded as it added a cent at A\$2.81. The gold shares index receded 13.5 to 2,202.2.

Market leader BHP appreciated 10 cents to A\$14.85. Salomon Brothers recently made a strong buy recommendation on the stock, saying that its improving balance sheet underpinned its ability to expand aggressively.

TAIWAN's turnover fell from T\$17.22bn to T\$15.35bn as the weighted index finished 9.29

higher at 4,022.47. SEOUL closed virtually flat, with the composite index just 0.3 firmer at 762.96 in turnover down from Won478bn to Won424bn.

HONG KONG slipped a mere 0.60 to 6,955.50 as a bout of late selling wiped out an earlier 73-point rise in the Hang Seng index. Turnover increased from HK\$3.02bn to HK\$3.22bn.

There was local retail buying of Cheung Kong and Hutchison, but institutional selling dragged both off their highs. Cheung Kong lost 30 cents to HK\$25.30 and Hutchison closed steady at HK\$20.90. Red chips, or China-related stocks, were popular buys after being oversold recently. Citic Pacific jumped 60 cents to HK\$18.

NEW ZEALAND lost ground after a sequence of highs, the NZSE-40 index finishing 17.11 down at 1,706.62 in a turnover of NZ\$26.3m.

Brewery concern Lion Nathan, which earlier

announced a placing of 85m shares at NZ\$3.05, shed 10 cents to NZ\$3.30, due in part to share dilution but mostly because of the big discount involved.

SINGAPORE featured Tchow Industries, a takeover target, which closed 36 cents stronger at S\$1.05. But the Straits Times Industrial index was 2.41 easier at 1,775.11.

BANGKOK fell for the third straight day, the SET index losing 7.89 at 852.98 in moderate turnover of B\$5.28bn.

MANILA's composite index shed 7.70 to 1,518.58, but the debut of Jollibee Foods, the fast food chain, saw the shares climbing to above 16 pesos, a premium of more than 80 per cent to the initial offer price.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

Europe and Middle East edge into lead

By John Pitt

Performance in European and Middle Eastern emerging markets edged ahead of Latin America last month, according to data supplied by the IFC, a part of the World Bank.

Over the year so far, the former are even more impressive: up by nearly 60 per cent in dollar terms compared with a 5 per cent rise in Latin America and Asia's 14 per cent.

Most of the gain in Europe/Middle East can be attributed to Turkey's startling rally since January: in spite of weakness over the last week, the market remains more than 100 per cent up on the year.

Within this region, Portugal has shown a reasonable advance over the year although, as Baring Securities notes in a recent research document, the market has been a disappointing performer since the Gulf war.

The broker comments that an overhaul of the market's structure since 1992 - including the introduction of contin-

EMERGING MARKETS: IFC MONTHLY INVESTABLE INDICES							
Market	No. of stocks	Dollar terms		Local currency terms			
		Jun 30 1993	% Change over month	% Change on Dec '92	Jun 30 1993	% Change over month	% Change on Dec '92
Latin America							
Argentina	(10)	611.63	+7.3	+5.5	375,311.44	+7.3	+5.8
Brazil	(44)	180.71	+12.2	+52.6	14,119,724.42	+46.2	+577.1
Chile	(20)	426.12	+13.6	+1.8	666.82	+9.5	+4.0
Colombia*	(8)	384.52	-1.9	-8.6	536.05	-1.4	-12.3
Mexico	(59)	634.14	+1.7	-8.2	852.84	+1.8	-5.1
Venezuela*	(8)	587.58	+5.7	+13.1	1,210.24	+8.8	+29.8
East Asia							
South Korea*	(130)	102.54	-2.1	+4.5	107.89	-2.2	+8.0
Philippines	(11)	149.65	-2.5	+12.1	183.39	-1.2	+19.6
Taiwan, China*	(76)	85.45	-7.3	+15.8	83.79	-6.2	+20.1
South Asia							
India*	(81)	74.57	+1.1	-20.4	82.49	1.3	-13.8
Indonesia*	(31)	80.91	+5.8	+37.9	81.87	+8.4	+39.7
Malaysia	(91)	198.90	+4.6	+21.6	188.76	-4.0	+19.3
Pakistan*	(8)	220.97	+13.3	+10.4	271.25	+14.6	+17.0
Thailand	(52)	241.18	+3.7	+4.7	241.71	+7.3	+3.7
Euro/Mid East							
Greece	(17)	206.85	-6.0	+5.9	325.94	+1.9	+14.5
Jordan	(5)	161.30	+10.8	+38.1	231.27	+12.3	+39.5
Portugal	(16)	89.64	-5.9	+16.0	100.07	+0.2	+28.2
Turkey*	(31)	146.52	+16.0	+114.1	740.33	+25.4	+169.7

Indices are calculated at end-month, and weekly changes are percentage movement from the previous Friday. Base date Dec 1988=100 except those noted, which are: Feb 1, 1991; 25 Jan 5, 1992; 25 Jan 4, 1991; 25 Jan 5, 1992; 25 Jan 28, 1992; 7 Mar 1, 1991; 25 Jan 4, 1991.

uous trading and the establishment of a central clearing house - has stimulated overseas interest.

Baring puts this together with falling interest rates and the devaluation of the escudo, and forecasts a "strong upside for equities over the next couple of years".

Mexico, which has lagged behind many of the world's emerging markets this year, attracted the attention of

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		TUESDAY JULY 13 1993										MONDAY JULY 12 1993										DOLLAR INDEX	
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)									
Australia (69)	139.25	-0.2	138.23	95.33	124.02	139.39	+0.2	3.98	139.53	139.99	96.06	125.39	138.09	144.19	117.39	145.09							
Austria (17)	149.02	+0.1	147.93	102.02	133.26	133.42	-0.3	1.45	148.90	149.37	103.16	133.81	133.87	150.99	131.16	165.43							
Belgium (42)	149.51	+1.2	148.51	102.41	133.78	130.87	+0.7	4.37	147.89	148.35	102.45	132.90	130.02	156.78	131.19	148.83							
Canada (108)	127.86	-0.1	126.92	67.52	102.42	67.52	-0.1	2.85	127.86	128.32	67.52	102.42	102.42	145.25	117.25	148.85							
Denmark (33)	210.25	+0.3	208.73	143.95	108.02	191.32	-0.1	1.18	209.72	210.37	145.29	188.49	191.60	225.64	185.11	245.03							
Finland (23)	93.99	+0.9	93.27	67.77	88.52	119.35	+0.7	1.02	90.98	91.38	67.95	84.14	119.07	100.02	65.50	76.96							
France (95)	151.69	+0.8	150.59	103.84	106.64	139.80	+0.1	3.28	150.72	151.19	104.41	135.43	139.81	167.36	142.72	163.81							
Germany (60)	114.39	+0.0	113.56	78.32	102.59	78.32	-0.5	2.08	114.39	114.86	78.32	102.59	102.59	138.51	110.51	138.51							
Hong Kong (56)	280.05	+0.0	278.00	171	250.44	276.86	+0.0	3.38	279.93	280.80	195.93	251.77	257.59	201.61	218.82	256.94							
Ireland (10)	157.49	+1.0	156.34	107.82	140.83	119.17	+0.4	3.41	155.95	156.43	108.04	140.14	157.52	170.00	129.28	161.75							
Italy (70)	67.87	+0.5	67.47	46.53	50.78	78.35	+0.7	2.02	67.66	67.87	46.53	50.78	50.78	72.82	53.78	69.72							
Japan (470)	150.08	+2.5	148.98	102.74	134.22	128.74	+1.3	0.81	148.24	148.85	101.42	131.51	101.42	121.77	101.42	121.77							
Malaysia (69)	326.09	-0.8	322.72	222.54	290.70	321.77	-0.9	2.10	327.15	327.18	228.26	235.99	324.70	349.34	231.56	250.77							
Mexico (19)	1540.42	+0.4	1529.18	1054.54	1377.48	5289.80	+0.2	0.94	1534.40	1538.16	1063.03	973.88	824.27	1725.61	1410.30	1440.78							
Netherlands (24)	165.82	-0.1	164.61	113.51	105.01	165.82	-0.5	3.75	165.82	166.29	113.51	105.01	105.01	172.75	105.01	165.82							
New Zealand (13)	52.74	-0.4	52.36	36.11	47.16	50.96	-0.3	4.39	52.94	53.10	36.68	47.51	47.51	54.56	36.11	52.74							
Norway (22)	189.29	+0.9	188.12	108.05	142.44	188.98	+0.2	1.67	187.19	188.28	108.05	141.80	187.55	206.81	137.71	188.98							
Singapore (38)	246.47	+0.7	244.57	168.73	123.63	246.47	+0.3	1.88	244.58	245.85	168.73	123.62	238.72	207.04	220.20	246.47							
South Africa (80)	203.53	+0.5	202.04	139.33	182.00	203.53	+0.2	2.47	204.84	205.28	141.77	188.08	200.92	211.77	144.72	201.23							
Spain (44)	122.13	+0.6	121.23	85.61	103.93	122.13	+0.7	4.70	121.36	121.74	84.08	106.08	122.13	138.22	151.25	122.13							
Sweden (38)	171.23	+0.2	169.98	117.22	153.12	200.31	+0.6	1.68	167.88	168.98	116.29	150.95	169.04	184.08	140.74	193.52							
Switzerland (60)	128.67	+0.8	127.73	88.09	115.07	128.67	+1.0	1.79	127.83	128.13	88.09	114.71	128.94	128.67	108.61	118.64							
United Kingdom (219)	172.44	+1.2	171.18	118.04	154.18	171.18	+0.2	0.05	170.32	170.85	117.89	153.05	170.85	181.99	169.08	172.44							
USA (519)	183.49	-0.2	182.15	125.82	108.49	183.49	-0.2	2.79	182.47	182.96	127.34	105.17	183.78	168.27	175.38	183.49							
EUROPE (71)																							
Europe (71)	148.82	+0.8	147.57	98.32	128.44	148.99	+0.1	3.23	143.79	144.91	98.70	128.03	137.86	148.02	133.92	153.59							
Nordic (14)	162.72	+1.4	161.53	111.40	145.61	167.28	+0.4	1.44	160.48	160.98	111.40	142.24	166.56	158.77	142.13	179.82							
Pacific Basin (74)	133.39	+2.2	132.27	105.01	125.01	133.39	+1.7	1.08	131.84	132.31	105.01	125.01	125.01	145.01	105.01	133.39							
Europe Excl. UK (632)	125.43	+0.5	124.51	85.88	125.21	125.43	+0.7	1.33	124.94	125.30	85.88	101.73	131.95	120.58	154.05	117.26	125.43						
North America (627)	180.02	-0.2	178.71	132.66	161.01	178.05	-0.2	2.29	180.32	180.88	128.94	162.07	179.35	182.68	171.51	167.40							
Pacific Excl. Japan (244)	186.50	-0.1	185.14	127.70	166.79	172.38	-0.1	3.20	186.99	187.29	127.70	166.79	166.79	186.50	127.70	166.79							
Pacific Excl. Japan (244)	186.50	-0.1	185.14	127.70	166.79	172.38	-0.1	3.20	186.99	187.29	127.70	166.79	166.79	186.50	127.70	166.79							
World Ex. UK (1952)	148.95	+1.6	148.85	102.66	134.09	123.35	+0.7	1.95	147.66	148.11	102.30	121.70	122.52	144.24	118.51	122.96							
World Ex. US (1582)	158.96	+0.9	157.82	102.64	142.19	158.94	+0.4	2.09	157.84	158.13	102.22	141.77	138.93	181.34	134.22	158.92							
World Ex. Japan (253)	167.49	+0.9	166.34	102.64	142.19	158.94	+0.4	2.09	157.84	158.13	102.22	141.77	138.93	181.34	134.22	158.92							
World Ex. Japan (2171)	167.49	-0.2	166.26	114.67	149.79	163.76	-0.1	2.94	167.21	167.73	115.96	129.99	163.87	170.07	147.41	163.65							
The World Index (2700)	160.19	+0.9	159.02	109.69	149.79	163.76	+0.4	2.27	158.78	159.20	109.61	142.69	141.47	162.85	137.32	141.47							